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11 August 1993

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HSP Leaders' Attorney on Ongoing Trial

93BA1289B Zagreb DANAS in Serbo-Croatian
16 Jul 93 pp 30-31

[Interview with Zvonimir Hodak, attorney for four Croatian Rights Party leaders on trial, by Neven Kruzic; place and date not given: "Why Civilians in a Military Court?"]

[Text] *This is a trial with the dimensions and characteristics of typical Eastern European political trials, which are inconceivable in the West—says the defender of the four accused HSP [Croatian Rights Party] leaders.*

From one week to the next, the trial of four leaders of the Croatian Rights Party surprises the public with its unexpected twists. For example, recently the fourth defendant, Ante Prkacin, was suddenly dropped from the proceedings, which naturally elicited a great deal of speculation. The military prosecutor in this trial, Mirsad Baksic, has spoken out in the press in the form of interviews, so that we wanted to hear the other side as well. We asked the defender of the "HSP Four," prominent Zagreb attorney Zvonimir Hodak, about the trial.

[Kruzic] Recently the military prosecutor gave an interview to VECERNJI LIST where he was rather acrimonious in explaining in detail the reason for the indictment, insisting that the trial of Paraga and the others is not a political trial, that depicting it as such amounts to misleading the public.

[Hodak] I recently refused to give an interview concerning this trial because I thought that it was not an opportune time, while the trial was going on, for me to elaborate on my positions in the media, to try to persuade the public in a certain sense, and even to indoctrinate it on matters that should be left up to the judicial process and procedural standards and rules. However, it was the interview that the military prosecutor gave that contributed to my decision to change my position on giving an interview on this matter. After all, that is already the second interview that Mr. Baksic has given about this trial, and in it he somehow gave the complete, final word. That fact provoked anger among all defense attorneys, and I know that the court was not enthusiastic about it either. Since he was in that privileged position of being able to present all the prosecution's positions and to circulate them through the press, it seems to me now that it is time that the defense says something to the public about this trial. The trial is political because the leaders of a political party are being tried, they are being tried by a military court even though they are civilians. You must admit that this is rather unusual.

[Kruzic] The basic charge is that the HSP leaders set up a party military force, and practically the entire trial revolves around that. What is the position of the defense on that issue?

[Hodak] The HOS [Croatian Defense Force] is not a party military force because it is known that the HSP

simply invested its money and equipment and trained people to defend Croatia, that it did so in camps that the authorities knew about—and we expect testimony about this from people like Perkovic—and thus that it trained people and turned them over to the Croatian Armed Forces, into which they were then integrated. We have a handful of commendations from various Croatian Armed Forces commanders, commendations for HOS units from which it can be seen that in de facto terms they are praising parts of the Croatian Armed Forces. For example, Brig. Gen. Ivo Jelic has special praise for the 9th "Vitez Rafael Boban" Battalion, for extraordinary conduct on the southern front. In practice, a commendation is given in the name of the Croatian Armed Forces to a unit of that same Croatian Armed Forces. It is precisely those commendations in November 1991 that were the main reason that the Croatian Supreme Court in 1991 handed down a ruling stating that the HOS is an indubitable part of the Croatian Armed Forces, with separate insignia. Accordingly, the whole connection between the HOS and the HSP consists of the fact that the party prepared the people and turned them over to the jurisdiction of the Croatian Armed Forces. This was recently reflected in the testimony of the vice chairman of the Vinkovci executive council as well, who held that post until 18 February 1993, and who clearly told the court that in Vinkovci the HOS units were very dedicated, but also always, exclusively under the command of the Croatian Armed Forces. The only way in which they were different was that HOS units had on their left side an insignia with that symbol, but on the right side of the sleeve was the insignia of the Croatian Armed Forces. Accordingly, the allegations by the military prosecutor that the HOS was some sort of paramilitary force are obviously unfounded, and the military prosecutor cannot prove them. That is why I contend that the entire allegation is in the interest of everyday politics. Since the leaders of a parliamentary party are on trial, since they have been stripped of immunity to criminal law, since two out of the four have already been in prison for the same criminal acts, I can only conclude that this is a political trial with the dimensions and characteristics of typical Eastern European political trials, which are inconceivable in the West. After all, in the West it is actually legally impossible for military courts to try civilians.

[Kruzic] The next matter that the prosecution is pursuing is that of the explosives found in the Starcevic House. Do these explosives not speak for themselves?

[Hodak] No, they do not mean anything. The criminal code devotes one article to this subject, regarding the illegal possession of large quantities of explosive substances or weapons, whereby three or four items, say guns, bombs, or the like, are regarded as a large quantity. But the prosecution has not incriminated the defendants in the least based on this article; instead, the prosecution is drawing a grotesque conclusion from the very fact that the explosives were found, so that it has asserted from this that this is a criminal act of terrorism, which is

ridiculous. After all, there is no such thing as attempted terrorism, there must be proof for terrorism. There is no proof of that here, and the prosecution has not presented in court a single piece of evidence indicating that the HSP or HOS has committed any terrorist act. I regularly ask every witness whether he has heard or has any knowledge of HSP leaders of HOS units ever intending to disrupt the constitutional order of this state by violent means, and I always ask every witness whether they know of any case of a terrorist act that the HSP leaders present in the court have committed, or that members of the HOS may have committed. Thus far, not a single witness out of 20 has answered in the affirmative. Even Kresimir Pavelic, about whom the prosecution had such high hopes, said during his conscientious and proper testimony that there had never been any such cases.

[Kruzic] The military prosecutor also cites the HSP mobilization order, although only the Ministry of Defense can issue a mobilization order.

[Hodak] Yes, he says that this is proof that the party wanted to violently disrupt authority and the mobilization order of 13 November 1991. However, Mr. Baksic is well aware—because it is in the court record—that the party refuted that report two days later and stated clearly that this was a case of sabotage within the party, that it was apparently done by someone who had been infiltrated. After all, that order was not signed, and was officially refuted by the party leadership two days later. But it is interesting that VJESNIK published an appeal by the Croatian Democratic Muslim Party containing a mobilization order. This is the party whose head is in fact the military prosecutor, Mr. Mirsad Baksic, and that party never officially refuted that order! That was one of the reasons why we challenged Mr. Baksic's involvement in the case.

[Kruzic] Is it not a fact that for a long time HSP leaders, in their public appearances, did not want to state clearly that the HOS was part of the Croatian Armed Forces?

[Hodak] I can talk about legal matters, but when we talk about that I can only say that in December 1991, in the form of a ruling, the Croatian Supreme Court confirmed that the HOS formations are regarded as regular units of the Croatian Armed Forces.

[Kruzic] It is said that the quantities of explosives found constituted a danger that an entire neighborhood in central Zagreb could have gone up in smoke, which, according to the prosecutor, "caused among the citizens a feeling of personal insecurity, vulnerability, and fear for their lives and property." Do citizens in fact have a right to be upset if a warehouse of explosives is located several meters away from them?!

[Hodak] I have publicly asked all the defendants whether anyone had ever come to them to complain, saying perhaps, "Excuse me, but I am upset that there are explosives in Starcevic House!" I can tell you that, of course....

[Kruzic] Obviously no one came to complain because people did not know about it!

[Hodak] Then how could they be upset?

[Kruzic] OK, but was there not a real danger that an entire neighborhood would theoretically go up in smoke?

[Hodak] Listen, if someone were to drop a hydrogen bomb on Zagreb, I believe that everyone would be really upset! I am intentionally caricaturing this situation in order to clarify what is involved here. What this involves is the fact that mines intended for the Bosnian Sava basin arrived at Starcevic House in transit, and they had to be stored there for two days.

[Kruzic] So the explosives were not there on an ongoing basis?

[Hodak] No, they were in transit. Moreover, the fuse or firing pin had been removed from each of the mines, which made it impossible to activate the mines, because no one is that idiotic, not even members of the HSP, to work every day on the third floor while there is something in the basement that could blow them to bits. Thus, the firing pins were removed with the intention of putting them back only after they were in the Bosnian Sava basin. To assert that these explosives were intended for terrorism comes across as infantile, and the prosecutor has no proof whatsoever of this allegation, but the military court will have to judge on the basis of the proof presented at the main hearing, not on the basis of someone's mere allegations.

After all, the person who needed this trial is already showing, by dropping the charge against Prkacin, that the trial is counterproductive.

[Kruzic] If, for example, explosives were found in Margaret Thatcher's basement during wartime and she were organizing military formations within her party, and was moreover very critical of the government, would she end up in court?

[Hodak] That would not happen to her. And even if she were tried, she would be tried by a civilian court. That is the first hypothetical answer. If, for example, there is a provision in English law that deals with the prohibited possession of explosive substances, then she would answer before a civilian court for this act, but not for terrorism. But if she were to plant a bomb under someone's car, then that would be terrorism, but it would have to happen first; it is not enough to suspect her. If England were at war and if Thatcher were to organize some units in her party that she sent into the English army, and if she only equipped and trained them with her own money, then she would receive a medal for that and would no doubt become a member of the House of Lords.

TV Director Meets With Party Representatives
93BA1292B Zagreb VJESNIK in Serbo-Croatian
20 Jul 93 p 3

[Article by Zeljka Godic: "Even TV Coverage From the Parliament Too Expensive"]

[Text] Zagreb—Should Croatian Television [HTV] cover the activities of all 50-some parties, the number registered in Croatia, or only those which the people have chosen, and let the rest be "shown" at their own expense? Should the session of the Assembly be broadcast no matter what the cost, and what should be the format of the new TV talk show on the parliament? It was difficult to reach a consensus on those issues in the meeting of representatives of Croatian Television and the parliamentary parties on Wednesday.

Explaining the proposals of HRTV [Radio-TV Croatia], Antun Vrdoljak, its director, said that certain nonparliamentary parties "just eat up television time." Representatives of opposition parties did not make the dilemma any easier for Vrdoljak, who is concerned that if direct TV coverage from the parliament is abandoned, with the entire sessions broadcast over the second radio program, there would be suspicion of manipulation by Croatian Television. Direct TV coverage from the Assembly would be given up for financial reasons, because, according to the results of a survey, only 6 percent of the viewers watch it, and the leasing of TV trucks alone costs 25,000 German marks [DM].

While they did acknowledge the financial problems of HTV, representatives of the HSLs [Croatian Social-Liberal Party] and the HNS [Croatian People's Party] sharply opposed discontinuation of direct coverage of parliamentary sessions, although they recognized that "quite often there is a lot of empty air." Nor did they support the proposal that HTV reports only on the activity of parliamentary parties. Nedjeljko Kujundzic of the HSP [Croatian Rights Party] agreed that only the parliamentary parties have a place in the coverage, but as to the issue of whether the Assembly should be covered live or not, he proposed that the summary parliamentary reports be "edited by newscasters, because that would be a guarantee of accuracy." Ivic Pasalic favored "both fewer and more political parties if the editors deem it necessary." For that matter, Pasalic said, "showing them all could only help them, because some of them are sometimes 'forcing' their policy, because being seen on television is more important to them than what they say." "If it is in the public interest, let them be shown five times a day, or let them be filmed at their own expense," Pasalic feels.

Drago Stipac advocated a combination of radio and TV reporting from the Assembly, remarking that TV nevertheless conveys the parliamentary atmosphere more faithfully, and he proposed that the parties themselves take part in shortening the length of the coverage. The representative of the SNS [Serbian National Party] said

that he could live with the radio replacing TV coverage, but not with "exclusion" of nonparliamentary parties.

Opting for professional criteria, Gordana Grbic of the SDP [Social Democratic Party] warned that the kind of coverage of the parties we have today, and that means a report from press conferences once a week, could be counterproductive. "It would not be fair for the nonparliamentary parties to be left out of the coverage, but criteria for covering them should be defined," she emphasized and accepted in principle the proposal that parliamentary debates be broadcast over the second radio program. But when something like Maslenica occurs, Gordana Grbic warned, statements from all relevant parties should be sought out.

The proposal that the topic in the new TV talk show on the parliament be chosen by the news department editor, as well as the guests on the program, provoked a debate between Antun Vrdoljak and Nedjeljko Kujundzic, who judged that "this will be one more proof to the world that HTV has been usurped." Vrdoljak, on the other hand, came back with the words: "I neither called Pavic nor did I remove him. That is the business of the editor."

"I swear to you that nowhere in the world does television concern itself with nonparliamentary parties until they create some incident. In Austria, which in many respects ought to be our model, there are three government stations, while we set aside 5 percent of our subscription for independent programming," Vrdoljak said.

The issue about parliamentary reporting also ended with Vrdoljak's conclusion: "If you do not accept the proposal that the public be informed about the Assembly through summary reports in which representatives of parties would have an occasion to state their opinion, we will have to submit a request to the Assembly to pass on the costs. At the moment, HTV owes DM2 million for the satellite program, and recently we were barely able to cover costs so that we would not be shut off."

[Box, p 3]

The Trial of Paraga

Representatives of the HSP were interested in "why HTV was not covering the Stalinist trial of Paraga when there were no factional fights within the party, but it did report the trial of the officers of the JNA [Yugoslav People's Army] being tried in Split, yet Paraga is portrayed as a greater criminal than them."

Antun Vrdoljak warned that words should be well-chosen, because "we are a civil and law-governed state, and we cannot take a position until the court renders a verdict."

[Box, p 3]

Budisa: "I Have Been on Ice for Two Years...!"

Doubt about the objectivity of the criteria of HTV led Drazen Budisa to put the question to the director of

HRTV: "How is it that I, the strongest representative of the first opposition party in the parliament, have not been invited for two and a half years to be on the program 'Pictures on the Screen'?"

"I do not care who the editor invites on the program," Vrdoljak replied, adding: "If it is any consolation to you, 'Pictures on the Screen' is watched by only 26 percent of our viewers."

'Radical' Changes in Tax Law Proposed

93BA1277D Zagreb VJESNIK in Serbo-Croatian
19 Jul 93 p 13

[Article by Drzen Jambrovic: "Protection of Capital Emphasized"]

[Text] The proposed version of the law on profit tax, which the government sent the other day to the Croatian Assembly for first reading, is one of those pieces of legislation that will signify a radical change in Croatia's tax system and its adaptation to the tax system in the European countries, above all in Germany, with the help of whose experts our new tax regulations were drafted.

Even in the tax system we have had up to now, domestic and foreign juridical entities and private individuals conducting economic or professional activity in Croatia paid a profit tax. The tax rate was 35 percent, but it was cut to half for foreigners, that is, they paid the tax at a rate of 17.5 percent. That reduced rate was supposed to be an incentive for them. The Law on Direct Taxes, which regulated this form of taxation, also prescribed various exemptions and deductions for reinvestment of profit, for conduct of business in the first, second, and third year of operation, as well as for activities performed on the islands.

The greatest value in the new law on the profit tax, which respects the new economic conditions and the conduct of business on a free market, is that it tries to protect invested capital and to stimulate new investments. For all countries with a high rate of inflation, the problem is how to reduce business balance sheets to real values. In some places, this is done by the procedure of indexing, in Croatia by a complicated system of revaluation, but the new law proposes that interest on own capital be recognized as a cost and omitted from the base of the profit tax, but it can be used for reinvestment. This is protective interest, which is obtained by computing interest on own capital, that is, the value of property, at a protective rate of interest, and the protective rate of interest is established by adding 3 percentage points to the growth rate of prices of producers of industrial products at the annual level (this is established in the Government Statistics Bureau). This is the method for removing inflation from the computation for businesses.

According to the proposed law, the payer of the profit tax would be the entrepreneur; that is, every juridical entity and private individual who performs activity independently and permanently to realize a profit. That group

also includes entrepreneurs established to manage shares and investments of capital and then domestic business units of foreign entrepreneurs, institutions, or nonprofit organizations when they carry on an activity from which they realize profit, and also the businessman as a private individual if his gross income in the previous year was greater than the equivalent of 500,000 German marks [DM] or his income was greater than DM40,000 or if his property (own capital) is greater than the equivalent of DM300,000, or if he employs more than 30 workers.

The payer of the profit tax may also be an entrepreneur who is a private individual and declares that he will pay the profit tax instead of the income tax and will keep business books in accordance with regulations on accounting.

They will pay an advance in the course of the year, and the profit tax is established at the end of the business year. The base of the profit tax, according to the bill, is the difference between the entrepreneur's own capital at the end and the beginning of the period for which the tax is being calculated, plus or minus certain items specified by the law. As we have said, it is reduced by the amount of interest to protect own capital, by the amount of the tax loss, or the amount for investment, which signifies an incentive for development. The tax rate of the profit tax will be lower than now—it has been proposed that it be 25 percent—and lower than in certain other countries, for example, Austria and Hungary.

It is not expected that more money will flow into the government budget thanks to the new method of taxing profit. However, protection of capital and incentives for new investments should result in more jobs and larger output, so that indirectly (the tax paid on wages and salaries and the turnover tax or the value-added tax) the government treasury should also have a substantial benefit.

Bill on Foreign Currency Transactions Proposed

93BA1277E Zagreb VJESNIK in Serbo-Croatian
19 Jul 93 p 13

[Article by the Croatian News Agency: "Greater Income, but Also Risk"]

[Text] Zagreb—The proposed version of the Law on Foreign Exchange Transactions and the Foundations of the Foreign Exchange System, which the Croatian Government has sent to the Croatian Assembly for adoption through emergency procedure, opens up the possibility for domestic juridical entities and private individuals to dispose of foreign exchange freely. In order to prevent differing treatment of the various forms of foreign trade transactions and to give all participants in foreign trade additional motivation to bring the foreign exchange they realize into the country, in the proposed version of the law we envisage that individuals will keep their foreign exchange in foreign exchange accounts in commercial banks.

This, the proponent believes, will facilitate better monitoring of the exchange-balance positions of the commercial banks, introduction of greater financial discipline, better tax collection, and the law also facilitates more creative conduct of monetary policy at the domestic and intergovernmental levels.

The law affords greater real revenues of the commercial banks with corresponding risk; that is, it allows more efficient and profitable economic use of existing foreign exchange potential for both banks and economic entities that use the foreign exchange potential of the commercial banks. The legal arrangements encourage export-oriented market entities, and thanks to free formation of the exchange rate, there is an additional incentive for that form of economic activity in particular.

The Law on Foreign Exchange Transactions and the Foundations of the Foreign Exchange System regulates payments between persons from Croatia and juridical entities and private individuals abroad and the realization and disposition of foreign exchange within the country and abroad. In addition, it also regulates the foundations of the foreign exchange market in our country and the exchange rate of the domestic currency, currency exchange transactions, the position and authority of banks in conducting foreign exchange transactions, the carrying of foreign exchange into and out of Croatia, the buying and selling of gold, and foreign exchange reserves.

Foreign exchange is bought and sold between the National Bank of Croatia [NBH] and the authorized banks and other persons (the NBH is to issue a regulation on the maximum commission), persons conducting exchange transactions, and private individuals, as well as the buying and selling on the currency exchange. Only banks authorized to conduct transactions with foreign countries, according to the bill, may establish a currency exchange.

The law prescribes that foreign exchange may not be transferred from foreign exchange accounts and foreign exchange savings deposits of domestic private individuals and foreign exchange purchased in exchange offices without special permission of the NBH. Domestic private individuals must collect for goods which they have exported or collect for services they have rendered which are being collected abroad no later than 60 days from the date when the goods were exported or the services rendered, unless the law or international treaty provides otherwise.

Banks authorized to conduct transactions with foreign countries may extend foreign exchange loans to domestic private individuals exclusively to make payments abroad, and the Croatian Government prescribes the purpose and conditions for approval of those loans.

The bill also contains a separate section on foreign exchange reserves, which are administered by the NBH. The monitoring of foreign exchange is done by the Foreign Exchange Inspectorate of the Republic of

Croatia and the NBH, and the monitoring of foreign exchange covers foreign exchange and foreign trade transactions, credit relations with foreign countries, and other economic activities with foreign countries on the part of juridical entities and private individuals. The financial police and customs authorities also perform certain functions in the monitoring of foreign exchange transactions.

Aside from punitive provisions, the law prescribes that the NBH and Finance Ministry must adopt the necessary sublegal and implementing provisions within 60 days after the law takes effect (one week after the law's publication in NARODNE NOVINE [official gazette of the Republic of Croatia]).

Bank Finances Participation in Privatization

*93BA1277A Zagreb VJESNIK in Serbo-Croatian
17 Jul 93 p 12*

[Article by Vesna Antonic: "Credits Earmarked for the Purchase of Shares"]

[Text] Zagreb—Since 19 July in Zagreb and since 26 July in all other branches in Croatia, Zagrebacka Banka [Bank of Zagreb] D.D. [Joint Stock Company] has been extending credit to citizens of the Republic of Croatia earmarked for the purchase of shares of firms undergoing transformation at a discount from the bank's portfolio of old foreign exchange savings. In that way, small shareholders, that is, those who have subscribed to up to 20,000 German marks [DM] in transformation proceedings to buy shares of their own firm at a discount, can obtain a favorable loan to continue purchase of the subscribed shares. This was emphasized by Franjo Lukovic, chief director of Zagrebacka Banka, at a press conference on Friday.

He added that the bank decided on this move because a body of citizens who had subscribed for shares, but not paid for them, had already been in the transformation process to this point. "They are potential users of those loans, because in this way they will immediately become the full owners of the shares, and they become entitled to the payment of dividends on all their shares."

Lukovic believes that these earmarked loans provide the bank motivation for "putting to work" part of the DM200 million for the old savings that have now been purchased, and the bank is purchasing about DM4 million every month. He believes that it will also stimulate privatization in this way, because firms which are more than 50 percent in private hands are exempted from the restriction in payment of wages and salaries, and the Croatian Fund for Development, to which the Assembly has now given the task of seeking a model that would speed up privatization, will also be stimulated. The Finance Ministry, he says, will also be happy, because it will be freed of a portion of obligations constituting public debt.

The repayment term is five years, the rate of interest is 7 percent, and there is a foreign exchange clause. Before obtaining the loan, the shareholder, a natural person, deposits 20 percent of the amount of the loan applied for, on which the bank will pay him an interest of 5 percent. The loan for purchase of shares will be extended to individuals up to, but not exceeding the amount of the dinar equivalent in Deutsche marks as stated in the purchase contract, and evidence must be presented on the creditworthiness of the loan applicant and his two sureties.

While the shares are being paid off, they are held in the bank as collateral, but they can be released if the borrower decides to come up with the money to repay the loan by selling them. The monthly installments are uniform, denominated in foreign exchange, a tax is paid on interest, and revaluation is done according to the Law on the Tax on Interest, and revaluation according to the Law on the Turnover Tax on Products and Services.

[Box, p 12]

Interest Soon Even on Transferred Old Savings?

Zagreb—At a news conference in Zagrebacka Banka, journalists were familiarized with the course of payment of interest on old savings up to this point. Between 7 and 13 July, DM7.2 million were paid out of DM20.5 million, of which DM4.3 million, or 60 percent, were in foreign currency, DM700,000, or 10 percent, in Croatian dinars, and the remainder of 30 percent, or DM2.2 million, was transferred to new savings.

In Zagrebacka Banka, they still do not know the date and conditions when interest will begin to be paid on old savings transferred from nondomicile banks, but they hope that this will be next week.

Increase in Real Wages in May Noted

93BA1292H Zagreb VJESNIK in Serbo-Croatian
21 Jul 93 p 12

[Article by Ljubinka Markovic: "Wages and Salaries: A Slower Drop in May"]

[Text] Zagreb—In expectation of the outcome of the unsuccessful negotiations concerning the fate of wages and salaries in coming months, the Settlement Agency has completed the analysis of application of the Agreement on Wages and Salaries for May. Wages and salaries in May, just as in the three previous months of application of the tripartite agreement among the government, the Economic Chamber, and the trade unions, which allowed an increase at the level of monthly inflation, are showing a mild recovery in that they are falling more slowly than in the period of rigid decrees on wages and salaries, but the period of the "recovery" is too short to make up for the drop over long years.

According to figures of the Settlement Agency, wages and salaries have been growing in real terms for the third

month now. Measured against prices this month, May wages and salaries jumped 5.9 percent over those in April in real terms. The Government Bureau of Statistics also indicates three months of real growth, and for May itself a higher real growth of 11.6 percent. If wages and salaries are compared with those last May, however, they are down 7.8 percent in real terms, and only in noneconomic activities have they recorded a real growth of 4.2 percent for the first time. This supports the thesis of a slower drop, because wages and salaries at the beginning of the year were down 30 percent.

The May average, according to the bureau, was 274,912 Croatian dinars. Noneconomic activity, with an average of 282,972 Croatian dinars, again surpassed the economy, in which the average was 272,452 Croatian dinars. While the economy was stabilizing by raising wages and salaries the same amount as in April (29.9 percent), noneconomic activities recorded a considerable growth in May of no less than 47.6 percent as against 24.9 percent in April. For May, that is, those employed in noneconomic activities received retroactively adjusted wages and salaries up to the level of the real growth of inflation and the real rise of wages and salaries in the economy, and new (temporary) coefficients were also applied.

These figures also probably contain the reasons why the government has been stubbornly refusing the demand of some of the trade unions in the public sector that the same model of wages and salaries from the expired agreement on wages and salaries for the public sector be retained in coming months as well. The figures of the Government Bureau for Statistics, which in scope and methodology differ from those of the Settlement Agency, show an even larger growth of wages and salaries in noneconomic activity in May—all of 62.7 percent.

According to the analysis of the Settlement Agency, the highest increase was for wages and salaries of those whose jobs are financed from the government budget. With an average of 325,677 Croatian dinars and a growth of 61.4 percent, they moved into first place. Even ahead of private firms and ahead of firms which have not undergone transformation and state-owned firms whose business has been good and whose wages and salaries were not subject to limitation. Thus, "socially owned" and public firms operating in the black had an average of 289,324, and private firms 278,453 Croatian dinars, and their wages and salaries rose about 30 percent. It is true that wages and salaries in insolvent firms rose 134.2 percent, but they barely got up to an average of 182,815 Croatian dinars.

In the jump of wages and salaries paid from the budget, the highest went to the HGK [expansion not given] (average 369,107), but neither government administration (357,901) nor education and culture (329,838) were lagging behind. The unfortunate health service and social welfare, which are financed from funds, got stuck at an average of 243,193 Croatian dinars. Nor can the trade unions complain about the bad outcome of the

agreement on wages and salaries—in May, their average was 324,729 Croatian dinars! Thus, they mainly say that wages and salaries went back to the level of May of last year, that is, to 163 German marks [DM] and that the agreement has halted the real drop of wages and salaries. But because they have refused to sign a similar agreement with the government for coming months, and in the negotiations with the Economic Chamber they ran aground and for all practical purposes went back to the same model of the last agreement, it is possible that the government will confirm the same “conclusion”—with a decree on wages and salaries.

Pensions Increase 37.8 Percent

93BA1292A Zagreb VJESNIK in Serbo-Croatian
20 Jul 93 p 1

[Article by G.J.: “Pensions up 37.8 Percent”]

[Text] Zagreb—Pensions in Croatia will rise 37.8 percent starting on 1 June. That is, according to the figures of the Government Bureau of Statistics, wages and salaries in May rose by that percentage over April, and that is the reason for the increase in pensions which pensioners will receive in August, that is, in the pension check for July. Payment of the higher pensions will begin on 2 August for retired independent craftsmen and on 3 August for retired employees.

The minimum pension benefit used to determine support supplements will increase by 37.8 percent and beginning on 1 June will be 160,947 Croatian dinars. The minimum pension under employee insurance will be

291,604 Croatian dinars, and the highest pension which can be paid in Croatia will be 994,823 Croatian dinars beginning on 1 June.

The pension check for July will also include back payment of the pension increase for June. Benefits related to the right to retraining and employment, physical impairment, and the supplement for assistance and care have also been adjusted by the same amount. That supplement under employee insurance thus amounts to 106,360 in the full amount, 80,161 in the reduced amount, and for blind beneficiaries 133,096 Croatian dinars.

The supplement for assistance and care of retired independent craftsmen is 88,200, the reduced amount 66,150, and for blind beneficiaries 110,250 dinars.

The highest amount of the military pension has been increased 37.8 percent, and after 1 June may not be greater than 994,824 nor less than 160,948 Croatian dinars.

On 1 September, a second exceptional adjustment of the family supplement is expected, bringing an increase of 50 percent. Payment of these higher family supplements is to begin on 1 October. From what we were told in the RFMIORH [Croatian Republic Fund of Disability Pensions and Pensions of Retired Independent Craftsmen and Employees], the reason for this decision is that the frequent, so-called exceptional, adjustment of the family supplement cannot keep up with the rise in the cost of living. With the new increase, the highest amount of the family supplement would be 38,071 and the lowest 5,164 Croatian dinars; for self-employed parents, the highest would be 55,533 and the lowest 7,117 Croatian dinars per child.

*** Klaus: Slovenia Should Be Included in Talks**

93CH0764C Prague PRACE in Czech 26 Jun 93 p 1

[Unattributed article: "According to Vaclav Klaus, a G5 Should Come Into Being"]

[Text] Warsaw—"The Czech Republic is an accelerator of Central European economic collaboration," Vaclav Klaus, prime minister of the Czech Republic Government, emphasized yesterday in Warsaw. He thus refuted certain doubts regarding a willingness to collaborate with his neighbors.

"The Czech Republic insists on an express shortening of the transition period before creating a free trade zone (between the Czech Republic, Slovakia, Hungary, and Poland). We have the feeling that Poland and Hungary do not so insist. We understand each other at the level of prime ministers, but, when the experts meet, they do not understand each other. Together with Prime Minister Suchocka, we pledged to compel our experts to make more rapid progress" was the response of the prime minister to a question by the CTK news agency as to whether his visit has contributed to the liberalization of mutual trade.

Vaclav Klaus opened a news conference by expressing his friendship toward Poland: "It is in our very own interest that our large neighbor function well, be prosperous and stable." The Czech prime minister confirmed his opposition to institutionalizing the Visegrad Group (Czech Republic, Slovakia, Hungary, and Poland), the future of which he would visualize as being a free grouping much like the G7 (the seven most highly developed countries in the world). He says that there should be a G5 and that it should include Slovenia.

*** Czech-Polish Relations Seen in Positive Light**

93CH0764A Prague MLADA FRONTA DNES in Czech 26 Jun 93 p 6

[Commentary by Josef Vesely: "Encouraging Sounds From Warsaw"]

[Text] Following the April working visit to Prague by Prime Minister Hanna Suchocka, the unnatural coating of ice melted away from Czech-Polish relations. And, if it will benefit matters, the alleged "Czech-Polish journalist lobby" will surely be willing to assume responsibility for the remaining portion of the cooling down of relationships among Central European neighbors, which is left over if we cut away the previously innumerable and exaggerated statements by the Czech prime minister regarding the course of transformation in Poland and referring to the abilities of Polish political entities to master that unprecedented task at all.

Fortunately, those are truly the snows of last year. The last of them melted away immediately following the elegant gesture by Czech Prime Minister Vaclav Klaus at the end of May. At that time, he sent his Polish colleague a personal telegram immediately upon the defeat of her

government in the Sejm, which was sure to please her. He gave her credit for the results achieved after a single year of governing under conditions that are far worse than those applicable in the Czech lands.

The present official Czech-Polish talks in Warsaw were thus not only able to build on the better personal relationships between the prime ministers but primarily were also able to make use of the more stabilized ground of recognized mutual interests. That will be particularly important in view of the uncertain results of the premature September elections in Poland.

That at least a little better coordinated procedure in integrating both countries into European economic, political, and security structures could become one of those future common denominators.

Even though Hanna Suchocka, in an interview granted to Czech television, was still refusing to definitely say good-bye to the Visegrad idea, the Copenhagen summit of the European Community already unfortunately indicated that the EC has no intention of expending unnecessary amounts of energy in the future to revive that idea and would rather slowly and carefully prepare for the ultimate integration of all six applicants from Central and East Europe—in other words, even Romania and Bulgaria.

The small Czech Republic will now certainly require more support from Poland, a Central European power, in order to better defend its interests in Brussels. And there is hope that it will receive that support.

*** Czech Views on Border Allegedly Misunderstood**

93CH0764B Prague LIDOVE NOVINY in Czech 29 Jun 93 p 3

[Article by (gag): "The Slovak Prime Minister's Mistake—Negotiations Between the Czech Republic and the Slovak Republic Are Becoming an Intertwinement That Is Difficult To Comprehend"]

[Text] Prague—V. Holan, director of the Slovak Department of the Ministry of Foreign Affairs of the Czech Republic, told a LIDOVE NOVINY reporter: "I perceive some arguments made by our Slovak colleagues in the same manner as if I were to ask them whether Johnny is bigger than little Mary and they responded by saying that Johnny has lighter hair." According to the director, if the Slovak side continues to ridicule the problems during negotiations regarding a common border, it will be difficult to come to an agreement. The greatest difficulties arise primarily with regard to border-crossing points. After protracted negotiations, the Slovak authorities arrived at the conclusion that, at best, border-crossing points are essential so that the movement of third-country citizens could be verifiable.

"After all, the Slovaks cannot ask us to apply the terms of the agreement between the Czech Republic and the Slovak Republic regarding free crossing by Czechs and

Slovaks to the arbitrary movement of foreigners," added V. Holan. According to him, what is incomprehensible is the fact that the Slovak side is confusing border-crossing points and border vigilance so that it then accuses us of creating a "curtain." That currently exerts an influence even on the inconsistent approach by Slovak representatives to the creation of a standard common frontier.

According to V. Holan, the logic is simple: The more impermeable the border between the Czech Republic and the Slovak Republic, the sooner the Slovak side will have to try to have equally firm borders with the other countries. As the amount of protection for these borders grows with regard to illegal immigrants, the Czech-Slovak border could, on the other hand, loosen up.

The Czech-Slovak agreement on the movement of foreigners from third countries into the territory of the Czech Republic and the Slovak Republic contains discussing readmission. The statement by V. Meciar that Slovakia is willing to sign a readmission agreement covering illegal emigres is considered by V. Holan to be a mistake.

*** Michnik on Populism, Integration, Politics**
93CH0762A Prague LIDOVE NOVINY in Czech
15 Jun 93 p 12

[Interview with Adam Michnik, editor in chief of GAZETA WYBORCZA, by Petr Janyska and Cestmir Klos; place and date not given: "I Am Immensely Afraid of an Epidemic of Populism"]

[Excerpts] *Adam Michnik says that to continue with European integration is a lost cause. Born in 1946 and educated as a historian, Michnik began his opposition activities in 1965. In 1968, he was expelled from Warsaw University for his participation in student protests and was jailed for the first time. He is a member of the Committee for the Defense of Workers (KOR), a cofounder of the "flying university" and of the Nowa underground publishing house, and an adviser to Solidarity. During the martial law period, he was interned and jailed for three years. He participated in the "round-table" discussions with the communists in power and was a parliamentary delegate from July 1989 to 1991. Since 1989, he has been editor in chief of GAZETA WYBORCZA. He is the author of political science texts and books of essays. While in jail, he learned French. He has one son. [passage omitted]*

[LIDOVE NOVINY] You frequently speak of the dangers facing democracy in Central Europe. How do you see that threat today?

[Michnik] Everything is based on the fact that we are creating a democratic system by an unprecedented method. How one can move from democracy to dictatorship is already known, but how about the other way? The main risk lies in the fact that democratic customs have weak roots in our countries. The Czechs, with their prewar democracy, are more of an exception. What

continues to be unclear is the kind of identity those countries will have: Will it be democratic or an ethnic identity?

[LIDOVE NOVINY] Which of the demons of the past, as you sometimes state, do you consider to be the most dangerous?

[Michnik] The tradition of ethnic intolerance. The history of our region is a history of ethnic conflict and nationalistic emotions, which were very frequently manipulated by Moscow, Berlin, and Vienna. Today, there are no manipulators pulling on the strings of our region, but ethnic passions, on the other hand, are running rampant. What is happening in the Balkans should be a warning to us: It could happen here if we do not draw the right conclusions from that lesson.

[LIDOVE NOVINY] A lot of people will dismiss that as Balkan mentality and will say that nothing like that could possibly happen here. Are we truly so different?

[Michnik] I do not believe that. We have the same psychological makeup; only our traditions and ethnic situation are somewhat different. But the basic mechanism is the same everywhere. Yugoslavia is a miniature Central Europe. In our region, ethnically pure states never existed; all borders here are somehow unjust, artificial. Dangerous waves are now crashing over us, and we must know how to wait them out sensibly. Much like the epidemics of plague that broke out in the Middle Ages, we have our hands full today with the epidemic of chauvinism, religious fundamentalism, and unprecedented populism in the conduct of politicians.

[LIDOVE NOVINY] You once said that nationalism is the final phase of communism. Will no postcommunist country be able to avoid it?

[Michnik] That is not what I mean. It is far too simplified. It definitely applies to Serbia. And, in the Czech lands of today, the communists are using the nationalist dictionary, even though it is anti-German in nature. Similarly, in Bulgaria, one can hear anti-Turkish rhetoric.

[LIDOVE NOVINY] In Poland, there are all told several thousand Jews today, and yet anti-Semitism continues to live. In songs sung to children, the Jew constantly appears as a negative factor; in presidential and parliamentary elections, the Jewish or "purely Polish" origin of candidates was publicly analyzed. How do you explain that phenomenon?

[Michnik] In our country, anti-Semitism is a sort of recognition signal. Perhaps like people of a democratic bent recognizing each other because they like Mickiewicz, Gombrowicz, Camus, Thomas Mann, or Vaclav Havel, the antidemocratic chauvinistic and xenophobic people in our country recognize each other by the anti-Semitic vocabulary they use. That vocabulary does not involve any real Jews at all but, rather, a kind of platonic ideal Jew, a Jew per se. Elsewhere, anti-Semitism looks

like this: Michnik is a Jew, therefore he is a rascal. In Poland, however, Michnik is no good, and therefore he is most likely a Jew. You are right when it comes to elections. But, at the same time, do not forget that the parties that were introducing themselves at that time under anti-Semitic slogans failed to receive a single mandate.

[LIDOVE NOVINY] In a few months, you will have new elections. What will they truly be about? What forces will clash there?

[Michnik] Schematically stated, the protagonists of a democratic, stable Poland that is reforming itself will be pitted against the followers of a populist, authoritarian Poland that fears democracy and is reaching for a tough hand, a Poland that is afraid of the world and wants to flee into isolation, a Poland that is afraid of taking the risk of freedom and votes for the security of slavery.

[LIDOVE NOVINY] Which political forces belong to each of those camps?

[Michnik] What is happening in Poland today cannot be classically divided into right and left. The key criterion is the relationship with populist methods in politics. A danger for democracy are those forces that exceed the legal processes, forces that pull politics into the street and that know only the language of undocumented accusations. And they are promoting decommunization as a sort of apartheid. I see an attack on democracy everywhere there are efforts to divide the Polish population according to ethnic or religious criteria, where promises are made in election campaigns that are known, ahead of time, to be unfulfillable. That tends to raise hopes that later only lead to frustration and aggression against the institutions of a democratic state.

Poland is threatened, on the one side, by a charismatic leader who is wiser than all of the other people, who would like to be the father of the nation, and, on the other, by chaos and anarchy. Chaos cannot be reformed; the way out of it is only via a dictatorship.

[LIDOVE NOVINY] By that leader, do you mean Walesa?

[Michnik] No, not in any event. In fact, I would say that Walesa is playing a more positive role today than ever before. By mentioning that danger, I do not mean any specific individual but a certain social situation in which people who are horrified by chaos will run away from freedom and will create such a father figure for themselves. Erich Fromm described that in his *Escape From Freedom*.

[LIDOVE NOVINY] Mr. Adam, you were once one of the leading personalities of Solidarity. Is that force, which at one time was so vehemently opposed to communism, becoming a retarding element for society? Is it really the same Solidarity?

[Michnik] One does not make the same mistake twice, and I am puzzled by what has happened to Solidarity. Of

course, it always did have three major streams, which coexisted with each other: the democratic-intellectual stream, the nationalistic-Catholic stream, and the populist stream. Today, that third tendency is at the top. It manifests itself by the conviction that we won and therefore should be the ones to govern: They feel that, much as the former party committee in the city made decisions as to who should be the mayor, the director of the hospital, the chief of the scientific institute, so should those decisions now be made by the regional Solidarity committee. Also, the method of how they want to extort money from the democratic state is shocking: They want to use the same method they previously used against the totalitarian state. When striking workers at the Ursus Plant in those days wanted the world to know about their actions, they stopped the international Moscow-to-Paris express train. Of course, to block highways and organize strikes in the transportation industry amounts to simple destruction of the democratic state, which, although it is imperfect, has a legitimacy based on democratic elections. And that is the fundamental difference. Their thinking is bolshevik: They reject normal democratic procedures and replace them with solutions imposed by force.

[LIDOVE NOVINY] You spoke of fall elections. Is there any thinking that the postcommunist SdRP [Social Democracy of the Polish Republic] will harvest a lot of votes? To what extent is that leftist party still communist, and to what extent is it perhaps more like social democracy?

[Michnik] Since the last elections, the postcommunists in this country have the strongest parliamentary faction. Whether they are more like Social Democrats? They are not, at least not in their majority. But that is not what is most important, much as it is not important that they are communists. They differ from the others in that they are the people and the party of the old regime.

[LIDOVE NOVINY] How do you personally view them?

[Michnik] I regard decommunization as a positive development, provided it is understood to mean the decommunization of institutions and the psychology of the people. But if it is made into an instrument of discrimination, extortion, and the fight for power, I must say that I fought for a Poland in which everyone will have the same rights. Communist Poland was a discriminating country, and, today, anticommunists who for the most part did not surface until five minutes to 12, again want a discriminating state, with the only difference being that different people will be discriminated against now. I cannot agree with that. In our countries, the decommunization of institutions has, to a great extent, already been successful. But it is always a process and not a revolutionary act. And should the neocommunists theoretically (because realistically it is not possible today) win the elections here, like they did, say, in Lithuania, communism would not return here. After all, no one will say that Brazauskas is reintroducing the communist regime. If I am afraid of anything, it is all

kinds of populist policies, and it makes no difference whether they are under the banner of an ethnic war or social justice.

[LIDOVE NOVINY] On the first evening, you met Vaclav Havel. Among other things, you interviewed him for a long time, and he invited you to attend the "Conversations From Lany." What does that person mean to you?

[Michnik] It is difficult for me to speak about Havel. He has been my friend for the past 15 years, so anything I say about him will definitely not be objective. It is by far a question of his role not only in the Czech lands but also in Europe. Today, he is one of the most important people of the continent. He combines in his person philosophical reflection, moral passion, and political talent. If the Czech state has a good reputation in the world today, it definitely is thanks to Havel. Of course, his mere thinking cannot replace a well-functioning economy or a state administration, but no functioning administration or economy can replace Havel.

[LIDOVE NOVINY] Do you believe that the hope that Europe will travel the path of political unification, as outlined by Maastricht, persists?

[Michnik] To continue with European integration is a lost cause, from the standpoint of the Twelve as well as from our standpoint. The Balkan crisis has pointed up the impotence of the European Community. Every country in the EC will most likely continue to pursue its national policies, and, if they accept us at all, there will not be the consequences we expected in the beginning. As far as the chances of our membership are concerned, it is a great illusion on the part of some politicians (particularly the Czech prime minister) that they believe it is easier to integrate with Europe in an isolated manner, without the Visegrad partners. We should strive for some kind of Benelux arrangement. If we proceed jointly, we shall be considered as a stabilizing factor in our part of the continent, and, at the same time, we shall be seen as a force to be reckoned with.

* Writer Lauds Conduct of Czech Foreign Policy

93CH0763A Prague LIDOVE NOVINY in Czech
29 Jun 93 p 6

[Article by Pavel Tigrid: "Praise of a Certain Political Line"]

[Text] Much has already been written about Czech foreign policy; although its main directions are being set and its priorities detailed for less than six months, it seems to be doing pretty well. Naturally, that is important for a democratic state in the center of Europe that, in fact, must also newly formulate and define its political line after the unexpectedly rapid disintegration of communism. Everyone knows that that process is not without difficulties.

Much less than on the orientation of the foreign policy of the Czech Republic, articles and discussions are focusing on the individuals who implement it, as it were, on the day-to-day basis. Even the otherwise inquisitive media are not excessively interested in them because, in this particular area, sensations are few and far between, but then diplomacy is also an art of discretion; every public statement is weighed and interpreted in the chancellors' offices, particularly in the neighboring countries and, of course, in the EC. And if our reputation there is solid, as practically every report and statement by the highest representatives of that organization seem to indicate, and if the intention of the Prague government to become associated with the North Atlantic Alliance in some way as soon as possible meets with understanding, that would prove that our diplomacy is successful. Of course, it may succeed only if it can show favorable accomplishments within our country: respect for human and civic rights; a properly functioning parliamentary system; a scrupulous separation of the legislative, executive, and judicial powers; and a market economy with promising future prospects.

However, the Foreign Ministry of the Czech Republic is interesting from another point of view, also. Many citizens in this country are convinced that our ministries and other institutions and agencies remain infiltrated by the "old structures" burrowed deep down in the fabric of our state administration like moths in a fur coat, that wherever they can, they do harm, and that they are just waiting for an opportunity to continue their vicious deals. Excuses from "upstairs" allege that there simply are no new people available and that young people who are both talented and hard-working are hard to find. Moreover, it is said that, in diplomacy, experience is of the greatest value, and, after all, those Bolshevik-trained gentlemen have acquired many skills that should not be underestimated; for instance, they know languages and have numerous contacts in the world. I personally would not pay much attention to that, and it is precisely the system at the Czech Ministry of Foreign Affairs, or at least the visible part of its diplomatic pyramid, that tends to contradict such assumptions. Indeed, there are new and competent individuals; all they need is opportunity.

Thus, in particular, Foreign Minister Josef Zieleniec himself is a man who a few years ago was not known in politics. With remarkable speed and rare skill, he resolutely took into his hands the ministry that used to have one of the most elephantine staffs; in addition, it was paralyzed by the division of the state and a bit apprehensive about the tasks it was facing. Zieleniec managed to cope with everything. He selected Alexander Vondra as his first deputy. Three years ago, Vondra was under 30 and as much a diplomat as I am an astronomer. He had to turn into a quick study because he simply did not have any other option when he was called to serve in the Castle as Vaclav Havel's foreign policy adviser. Now he has learned the ropes and does his job like a real pro. He has learned and he does his job well, even though it may

seem that his statements and his manner are slightly impersonal, cold, and remote, which, by the way, are the attributes of which Vondra's chief in the government, Vaclav Klaus, has also been sometimes accused. However, that does no harm, at least in certain instances, in our overly egalitarian situation and practice.

Jiri Grusa, the Czech ambassador in Bonn and another product of the same new diplomatic hatchery, recently characterized that dyed-in-the-wool egalitarianism as the Czech tendency to always step down the ladder one rung farther than necessary. He offered the following example: What does a Czech do when he buys a residential house? He eats in the kitchen with the household help in order not to hurt its feelings. In Grusa's view, that inability to keep its distance is terrible. Because of it, the world finds us hard to understand.

Jiri Grusa, by profession a successful author and translator, turned into a first-class diplomat in a couple of months and appropriately got assigned to the capital of a country that is in every respect of key importance to the Czech Republic.

Another relatively young man, Michael Zantovsky, also started in politics from square one—namely, in the president's office in the Castle. Today he is one of our top diplomats, serving as our ambassador in another important post, Washington. So what if very little is heard about him? In his case, that proves only one thing: that he is acting discreetly, as behooves a representative of a small state; in other words, that he is doing very well.

Jaroslav Sedivy, who is in charge of our embassy in another center of international action, Paris, is a historian well acquainted with the situation in France. He is a hard-working man with a very modest personality; those two attributes have rightfully earned him considerable popularity.

Karel Kuhnel, who began serving in London as Czech ambassador to the United Kingdom some weeks ago, worked for many years for Radio Free Europe as a commentator. Like many other novice diplomats, he underwent intensive training in the ministry. Now his extensive knowledge of law and economics, acquired while working as a journalist, will serve him well.

The list of talented, newly appointed Czech diplomats could go on, but, in conclusion, this may suffice—and not only as concerns this highly specialized field: We have people—and there are many who did not compromise themselves during the Bolshevik regime—who are learning fast and are diligent. All we need is to have enough courage to give them access to jobs and let them work because, unlike the ne'er-do-well, this type of citizens grows with every job, regardless of the risks involved, and along with that, his skills, resourcefulness, courage, and responsibility also grow.

It is gratifying and full of promise for the future that, after six months of this key ministry's existence, this report can be so encouraging. Moreover, this institution is facing especially complex tasks. Minister Zieleniec sees them roughly as follows: Indeed, we want to join Europe, and, therefore, it is our duty to discuss the future form of the EC because, at present, it is only building the house in which we shall once live. That has certain consequences for us and, conversely, also for Europe. Europe must gradually but inevitably get used to the idea that such coexistence requires reciprocal solidarity and understanding of problems and difficulties experienced by the postcommunist countries, primarily as concerns their security and economy. By the same token, such a small state as ours must base its policies on realistic conditions, without exaggerating or currying favor. In my opinion, that is a sensible, thoughtful, and fair concept.

* Political Attitudes of Workers Analyzed

93EP0313A Warsaw POLITYKA in Polish No 26,
26 Jun 93 pp 1, 14

[Article by Juliusz Gardawski and Tomasz Zukowski:
"What Will the Great Mute Say? The Workers in '93"]

[Text] Big business? Government bureaucracy? The middle class? In the cabinets of political strategists and at seminars, disputes are under way about which social group is most likely to become, as scholars put it, "the strategic actor of the transformation era," the prime mover of the institutional changes occurring in our region of Europe, including Poland.

In those discussions, mention is very rarely made of the main actor on the Polish scene of the 1980's—the workers! Can they also become such a "strategic actor"? If we consider the history of other countries and think dispassionately, it has to be concluded that such an appellation can be won only by civil servants, big business, or the middle class.

There is no doubt, on the other hand, that workers are one of the large social groups that at present can use two instruments to effectively affect the domain of the creation of the above strategy. Like farmers or civil servants, they can avail themselves of the mechanism of democratic elections by casting into voting urns ballots with a particular number marked on them. If they are unanimous in their electoral preferences, they will greatly affect the composition of the parliament or local governments.

They can also utilize their other weapon, a general strike, much more effectively than peasants or "white collars."

The ballot and the strike. How have workers been availing themselves of those two instruments in the past few years?

The Ballot

As we recall, in 1989 workers en masse had supported Solidarity. That was not surprising because it was "their" trade union and one that victoriously passed through the difficult ordeal of martial law.

A little less than a year later, in local-government elections, those workers who showed up at the polling stations again supported Solidarity citizens' committees. But a large proportion of workers, especially the relatively unskilled ones, that time failed to show up at the polling station, thus declaring in their own way the withdrawal of their support for an economic strategy that, as it turned out, failed to meet their expectations.

Workers again became more active during the presidential elections. Most gave their support to the chairman of NSZZ Solidarity, Lech Walesa. But the electoral rivalries resulted in a new trend: About one-third of the workers, especially the younger ones, had voted for Stanislaw Tyminski, thus breaking away from the Solidarity camp.

In the fall of 1991, during the parliamentary elections, most workers stayed home. In addition to a large group lacking any interest in politics, they were mainly the same people who had once voted for Tyminski.

That time workers no longer voted for the Solidarity trade union; only about 9 percent did. They preferred the KPN [Confederation for an Independent Poland], to which they gave 12 percent of their votes (or, with allowance for those who did not vote, only 4-5 percent). As can be seen from those figures, the KPN was actually only a largely symbolic winner of worker votes inasmuch as they were widely dispersed among the other parties as well. Various studies have shown that that situation persisted in 1992, with workers favoring no particular party and largely staying home during the elections.

The situation recurred barely several weeks ago, but that time it was not quite the same because the influence of the postcommunist left SdRP [Social Democracy of the Polish Republic] and the post-Solidarity left (Labor Union) among the workers has grown, though without as yet rising beyond the 10-percent barrier.

Strikes

In the past two decades of real socialism, strikes were the principal weapon whereby workers could influence the closed world of politics. That was precisely how workers had forced changes in economic strategy a couple of times and contributed to the fall of successive PZPR [Polish United Workers Party] leadership groups (and, hence, also groups leading the country).

Following the victory of the Solidarity camp, the number of strikes declined markedly. According to GUS [Central Office of Statistics] figures, in 1990 they were practically absent. Throughout that year, fewer than 100,000 workers, taken together, participated in protest strikes, compared with about 300,000 a year previously and millions in 1980-81. That was an evident reflection of the mass support of the new government by the society, including workers.

Later, however, the number of striking workers began to increase. Between 1990 and 1992, the number of days of work lost owing to strikes increased by a factor of 10—to 1,450,000 from 140,000.

Along with the number of protests, the feeling of workers that strikes are just and inevitable has been growing, as polls have shown. The number of reasons for striking also is growing (unemployment, increasing social disparities, problems with the restructuring of industry).

The power of that trend is, however, being counterbalanced by another: New rules of the game are appearing on the labor market and at workplaces. The laws of the market are colliding with worker solidarity. That finding of studies of social awareness is confirmed by our observations during the recent general strike in Mazovia. At the time, workers commented to us that there would be no general strike because those working in the private

sector would not join it. We also were told, "As long as there is work, we will be working." And that is indeed what happened. At many other plants, the strike was symbolic in nature.

On the Scene

In 1989, only one thing mattered: the attitude toward the communist past. The society was polarized into "us Solidarity" (which in the case of workers meant practically all belonging in that class) and "them, the commune."

In the past few years, the importance of that polarization waned in favor of two new issues, the first being the attitude toward the economic reforms and the second the opinions on the role of the Catholic Church and clergy in public and everyday life, as well as on such issues as abortion.

How have the opinions of workers on each of those issues changed?

The attitude of workers toward the communist past and Solidarity has definitely evolved. First, the proportions of opponents and supporters of either have changed. The number of critics of the old system has declined, though it still remains high, while the number of critics of the new reality has risen. Confidence in Solidarity has declined (unlike barely a year or two ago), so that it is now only a little higher than mistrust of the OPZZ [All-Polish Trade Unions Agreement]. Second, the axis of polarization has become redefined with time and as a result of political games: Nowadays the idea of decommunization or lustration matters more than assessing the former Polish People's Republic.

The polls show that, compared with other groups, workers were the most hostile toward the communist past. That is an important factor affecting the political scene.

But it has to be added that the dislike of workers to the "Commune" is clearly waning. Our polls show that, while in February 1991, more than one-half of workers had wanted to place the PZPR leadership on trial (with only half as many, 25 percent, opposed), in November 1992, the percentage of those supporting that idea was only 37 (the opponents were as numerous—38 percent), while in the spring of this year the opponents were more numerous than the supporters (47 and 34 percent, respectively).

Criticism of the government's economic policy also is growing.

Something should be said in brief about the attitude of workers toward the Roman Catholic Church: At present, they are probably the most anticlerical segment of society. A definite majority of workers reject the church's present-day role in public life, with only a minority approving it.

Now that we know the opinions of workers on the main issues defining the political scene, we shall try to locate them on that scene.

To oversimplify highly complex relationships, let it be said that nowadays four principal orientations prevail among workers and affect their political conduct.

The first orientation may be termed liberal-prereform, and it is displayed by people who not only approve of the general principles of the reforms (there are more such moderate supporters of the reforms) but also concur with the opinion that the Balcerowicz plan has produced positive results and reject the claim, contained in one of the 21 demands of the strikers of August 1992, that "larcenous privatization should be halted." They account for about one-fifth to one-fourth of all workers.

As for the workers who are neutral about opposition to the reforms, those can be divided more or less equally into three groups differing in their stance toward decommunization and the Catholic Church, with the former issue—that is, the attitude toward the communist past—seeming more important. Unless we consider that the critics of the reforms are divided into supporters and opponents of decommunization, we cannot understand the political situation or, especially, the behavior of workers in Poland. Were that division absent, we would have on the Polish political scene nowadays a liberal minority on one side and a critically disposed majority on the other. A conflict would be certain, and its outcome would be definitely unfavorable to the Liberals.

There still remains the third group of reform opponents, who represent an additional important factor in assuring more or less limited political stability in Poland. We have already mentioned that a majority of workers are anticlerical. However, the remainder include those (about 15-20 percent of big-industry workers and surely more among the workers at smaller plants and centers) with strong ties to religion and the church. Those people are definitely less radical than their fellow workers, who are hostile to the church, and they are less willing to declare their readiness to support social protests.

Workers and Politics

When speaking of the voting preferences of workers and their sympathies, it should be borne in mind that, as a group, they show relatively little interest in public life (at least compared with the intelligentsia) and, at the same time, are very critically disposed toward the performance of the parliament and, properly speaking, of all of the political parties.

In a recent poll conducted just before the dissolution of the parliament, only every fifth worker expressed confidence in the Sejm (and every third worker in the government, with about as many feeling confidence in the president), while nearly two-thirds (63 percent) demanded new early elections.

In extensive interviews-conversations with workers, too, we heard unusually critical comments about the Sejm: "Very good, finally that (...) bad joke will be over, to put it simply. It was a farce and it failed to pass any laws." Often they also likened Sejm debates to a "cabaret" or a "parody."

It is worth noting two important reasons for that burden of disappointed hopes. First, the parliament failed to address the issues important to workers. Because other institutions—for example, the Catholic Church—also failed to address those issues, the workers felt abandoned. Quite often they would comment, "Now a man has no one to turn to."

Let us emphasize that workers do not regard debates on the economy as solving economic problems; they view them as barren disputes that prompted, as they put it, "the jackknife to open in one's pocket." They were more interested in the practical resolution of issues according to their wishes. In the opinion of most workers with whom we talked, a good and professional Sejm should find a way of halting the growth of unemployment, shoring up state factories, and assuring a good representation of worker interests.

It should also be borne in mind that most workers believe that no one represents their interests nowadays. In 1992, that was said by 59 percent of the large and medium-sized manufacturing plant employees whom we had polled, and, in the spring of 1993, by 65 percent.

Without an Umbrella

There is no doubt that, at present, the above-described absence of workers from the political scene is about to change.

As early as toward the end of last year, it became evident that the NSZZ Solidarity's "umbrella policy" had to be replaced with more radical concepts; otherwise, Solidarity would face the threat of being relegated to the margin of the trade union movement by its more radical rivals.

Even now, the activities of trade union leaders are being prompted not so much by personal ambition as, above all, by the qualitatively new situation of workers on the political scene.

The power elite has conceived two ways of solving the dilemma of redefining the place of workers on the political scene.

The first of those ideas consists in including trade union leaders among broadly interpreted economic elites and sustaining the hopes of workers by means of a system of agreements (pacts).

The second is to block the ambitions of trade unionists and the political activity of workers in order to avert—that being the argument—the rise of a new force countering the currently adopted version of institutional changes.

Barely a month ago, it had seemed that the decline in the attractiveness of pacts might lead to a collision between trade union and worker ambitions and frustrations, on the one hand, and the determined supporters of the liberal option, on the other. That process had commenced and grown dynamically but became neutralized by Walesa's decision to dissolve the parliament and declare early parliamentary elections, which neutralized—for how long?—some of the worker radicalism. As our polls have shown, the readiness to support a general strike was strongly linked to the demand for new elections. But because that demand was met, a strike-based trial of strength did not take place.

The Elections: The Contest for the Center of the Stage

The result of the president's decision is that workers are going to fight for their interests by means of the ballot rather than by disconnecting machinery and wearing "On Strike" brassards.

We discussed that a couple of days ago with a group of Warsaw workers. They were mostly of the opinion that the coming elections would afford an opportunity to form a better parliament: "Perhaps more competent, more serious, and more reasonable persons could be elected. Also, each party should offer a specific program of actions so that its candidates would be elected on merit rather than just because of their past contributions or because they are incumbents. But now everyone has to offer a program if he wants to be elected."

A minority thought that the new Sejm would be no better than the old. "Things always change, and no such change will be to the good. I believe that nothing will change, and what is now might be preferable, as otherwise things might get worse." "I myself am not going to vote...." "I know what is going on. It is all a gabfest, an eyewash."

Let us now consider the problems of workers from the perspective of the political scene. There is no doubt that, in that context, the prize sought in the elections is the center of the stage, the voters who, in the past, stayed away from both the parties belonging to the current governing coalition and the parties contesting the present strategy (farmers, groups linked to old communist structures).

That is a contest for the center, for the ballots of skilled workers and a large proportion of civil servants and pensioners (other than the intelligentsia). The newly appearing concepts (the president's idea of founding the BBWR [Bloc of Nonpartisan Supporters of the Reforms], the proreform bloc headed by Prime Minister Suchocka as proposed by Rokita, and the appeals of Senator Romaszewski to create a worker bloc in which Solidarity would be allied with the parties of the center-right opposition) are all intended to gain political control over precisely that part of the stage. That also is the reason Marian Krzaklewski has proposed that his trade union stand for the elections on its own.

Whichever party wins that center will simply be the winner in the elections and will have a decisive voice in defining the further strategy of the changes.

It is not yet definite whether workers will participate in those elections by relying on the ballot or whether they will resort to another tool—namely, strikes.

The reliance of a substantial proportion of workers on strikes would mean that all of the present-day observations on the electoral preferences of workers might no longer apply. Let us repeat that many workers are staying away from the political parties and are even hostile toward them. Their political preferences follow certain relatively stable configurations, from one to another shock, event, or experience important to them. An intensive electoral campaign or worker strikes may render current observations irrelevant.

This article presents the findings of our polls of the awareness of industrial workers. Those studies, sponsored by the Friedrich Ebert Foundation, were conducted in the period 1991-93 with the aid of the CBOS [Public Opinion Research Center].

* Poll Indicates Increase in Support for BBWR

93EP0309C Warsaw GAZETA WYBORCZA in Polish
3-4 Jul 93 p 5

[Article by Tadeusz Szawiel, sociologist at Warsaw University: "Migratory Voters: Demoskop Polls Indicate That the BBWR Will Lead in the New Parliament"]

[Text] Had parliamentary elections been held last June, every fifth voter would have favored the presidential BBWR [Nonparty Bloc in Support of Reforms]. This would win for Lech Walesa's grouping the largest number of seats in the coming Sejm.

Demoskop has been regularly polling the public about its support for a presidential party, and found that, from January to May 1993, it has been ranging within the bounds of 9-15 percent. To be sure, at that time the question had been academic because then a presidential party did not exist.

Ever since the parliament was dissolved at the end of May, the question of support for the president's grouping has been electrifying public opinion and stirring the emotions of politicians, especially after the establishment of the BBWR was announced and the president committed his support to creating that bloc.

Had the elections been held on 23 June, the BBWR could have counted on at least 20 percent of the vote. According to somewhat earlier polls conducted by the CBOS [Public Opinion Survey Center] and the Sopot Center, the BBWR could have counted on the support of 16 and 12 percent, respectively, of the voters. Hence, the Demoskop and the CBOS figures point to a similar

percentage of support for the BBWR, while the figures of the Sopot Laboratory point to a much lower percentage.

The Contest for the Undecided

But 20-percent support is not all because, at the moment they were polled, some of voters were undecided whether to remain loyal to their own parties or throw their votes to the BBWR. The undecided voters account for 18 percent of the overall electorate supporting all of the other parties, meaning that nearly every fifth party supporter is wondering whether to shift his vote to the BBWR. It is for those undecided voters that the electoral campaign will be waged.

Assuming that roughly one-half of the undecided voters will remain loyal to their own parties and the other half will shift their vote to the BBWR, the presidential bloc may gain even as much as 30 percent of the national vote.

If we exclude the undecided voters, the major parties are likely to win the following proportions of the vote: the BBWR 20 percent; the UD [Democratic Union] 12 percent; the PSL [Polish Peasant Party] 12 percent; the SdRP [Social Democracy of the Polish Republic] 10 percent; the KPN [Confederation for an Independent Poland] 6 percent; and the KLD [Liberal-Democratic Congress] 5 percent.

If we apportion one-half of the undecided vote to the BBWR and the other half to the other parties (which may seem a debatable solution because we cannot predict the actual vote), the BBWR is likely to win 30 percent of the Sejm seats, followed by the UD with 14 percent, the PSL with 13 percent; the SdRP with 11 percent, the KPN with 7 percent, and the KLD with 5 percent.

Sixty-eight percent of those expressing the wish to vote for the BBWR normally are supporters of other parties.

Those intending to vote for the bloc include every third supporter of Solidarity, every fifth supporter of the KLD, 13 percent of the supporters of the ZChN [Christian-National Union] and as many supporters of the UD.

Those undecided for which party to vote include every fourth supporter of the ZChN, every fourth supporter of the KPN, and every fifth supporter of UD. The SdRP and the PSL have the most loyal electorates (80 percent and 76 percent, respectively).

A Male Bloc

Who are the people who resolutely support the presidential bloc?

The supporters of the BBWR number somewhat more men than women. Sixty percent are more than 40 years old, more than one-third have secondary educational backgrounds, and more than 50 percent are urban dwellers. Fifty percent are employed (of whom two-thirds in the state sector), one-third are pensioners, and 10 percent are unemployed. More than 90 percent are

believers, and nearly 60 percent are practicing Catholics. Thus, the social characteristics of BBWR supporters are not out of the ordinary.

A Remedy for Inefficiency

What is more interesting is how its supporters view the BBWR. Eighty-percent believe that the BBWR offers a chance for streamlining the governance of Poland (a belief rejected by 60 percent of the supporters of the other parties), and 82 percent believe that the BBWR will help rally many social forces around the reform program (a belief rejected by 56 percent of the supporters of the other parties). More than one-half of the supporters of the BBWR reject the view that that party represents yet another step on the road toward a dictatorship of the president (more than one-half of the supporters of the other parties share that belief).

Nearly two-thirds of the BBWR supporters voted for Lech Walesa during the first round of the presidential elections. However, most of those who voted for Walesa three years ago now support various other political parties.

It thus appears that support of the BBWR is being reinforced by the political belief that Poland needs an efficient proreform government that, in the opinion of BBWR supporters, cannot be provided by the regular parties and that that is preferable to espousing some or other specific program planks.

The Demoskop poll was conducted on 19-23 June on a random 984-member population sample.

According to the CBOS poll, 14 percent of the respondents supported the UD, 13 percent the PSL, 10 percent the BBWR, and 9 percent the SLD [Democratic Left Alliance]. That poll was conducted on 24-28 June on a representative 1,015-member population sample for Poland as a whole.

*** CBOS Director on Social, Economic Changes**
93EP0310C Warsaw NOWA EUROPA in Polish
17-20 Jun 93 p I

[Interview with Dr. Lena Kolarska-Bobinska, director of the Public Opinion Research Center (CBOS), by Krzysztof Kotowski; place and date not given: "Without Facile Generalizations: It Is Not True That There Exist Two Clearly Defined Sides—For and Against Change"]

[Text] [Kotowski] Can sociological studies serve to describe the group of people satisfied with the changes that have occurred in Poland since 1989?

[Kolarska-Bobinska] It is and is not possible, at the same time. The problem is that your question is psychological in nature but asks about a sociological description. What you really mean to ask is in whose interest the changes are taking place and who supports them. Historically,

major changes and revolutions have been supported by the poorer and socially low-ranking groups, which hoped that the toppling of the ancien regime would enable them to rise to power, to accomplish something, to enrich themselves. As for the socially high-ranking groups, these in contrast strived to preserve their status and the existing order that guaranteed it. They tried to maintain the status quo. In the current period of transition from real socialism to capitalism the situation is exactly the opposite. The changes are being supported by groups with high social status, while uneducated low-wage earners are interested in preserving many aspects of the old order.

[Kotowski] How do you account for such a reversal?

[Kolarska-Bobinska] This is due to the nature of the ongoing changes. They favor more those who already hold prestigious jobs and are well-educated. Such persons have either even now benefited from the ongoing changes or are hoping to do so in the future. Low-income earners, in contrast, perceive no changes in their situation. Blue-collar workers are aware that as a group they are going to be the losers.

[Kotowski] Will the resulting division be permanent?

[Kolarska-Bobinska] I think that at present the lines of social divisions are only becoming clarified. It is not certain either to what extent will the already existing divisions be perpetuated.

The time of facile and glittering generalizations is over. Nowadays if we ask about the occurrence of some social trend, we have to be more specific: What group reflects it, under what circumstances, at what time, and how can it change? How can a group's satisfaction be defined? It is not so that certain social groups demonstrate signs of satisfaction in a rigid manner and others do not. At best it can be said that in certain groups satisfaction manifests itself more often and is linked to social and occupational status.

A characteristic of our time is the fluid and frequent transition of individuals from one social category to another. A man may be an employee of a state enterprise, but half a year later he may become jobless and afterward he may become a street vendor or something like that. In any society a person's position on the job market determines his social and occupational status as well as his views. In this country the labor market is roiled and undergoing drastic changes. Hence, lasting divisions cannot be considered. Old bonds are rupturing and new ones being formed. And perhaps precisely this may result in that we still lack awareness of belonging to any definite group or class. Moreover, the same person may work both in the state and in the private sectors. A question: What affects his or her views?

[Kotowski] The strikes of state-plant workers have shown that the malcontent groups, ones dissatisfied with

the pace and scope of reform, are organizationally well-situated to block institutional changes. But can the satisfied social groups be just as well organized?

[Kolarska-Bobinska] I do not believe in the existence of two clearly opposed sides, one for and the other against the changes. Those state-plant employees who took part in the strikes have always been in favor of the ongoing changes. Were other state employees desirous of taking some action, they could do so because they are well-organized owing to their educational background and training. The malcontents, as you put it, are neither a cohesive group nor one with a strong sense of self-identity and class identity.

For example, blue-collar workers at present lack cohesion and do not uniformly reject the changes. About 30 percent of them accept market changes. As a group, blue-collar workers are rather more desperate and determined. Strikes are a form of protest typical of that group. The middle class prefers other methods of protecting its interests and considers strikes only as a last resort. I firmly believe that state employees supported the Suchocka government very strongly. The strikes were chiefly due to the perception of a deteriorating condition of workplaces, schools, and hospitals.

[Kotowski] It may be that the government violated the unwritten rule that to state employees the price of changes is impoverishment rather than a reduction in employment and the threat of unemployment, is not that so?

[Kolarska-Bobinska] Undoubtedly so. This also happened last December with miners when predictions by government spokesmen of coming mass layoffs caused—even though they were said to come about gradually over several years—a mass eruption of strikes. It is interesting that this time the highly educated professionals and managers, who generally do not support strikes, sympathized with the miners' strikes, considering that miners also are state employees. That was defending the interests of state employees as a whole.

[Kotowski] To what extent do strikes reflect the rise of new rules of the game with the "system," of the game of negotiating with the authorities?

[Kolarska-Bobinska] Under communism people were used to negotiating with the government, with the entire political system. They relied on proven ways of bypassing the authorities and getting what they wanted. But nowadays there are hardly as many things to negotiate. Since 1990 offstage negotiations between the government and various social groups have been underway about the pace of changes, the nature of various solutions, and wages. Negotiations were a fact of life, except that they had not been institutionalized and held between organized partners. In that respect the Pact of the State Enterprise was a turning point, with representatives of the government, trade unions, and employers sitting together at the same table. Until then things used to be different. For example, in mid-1990 there occurred

signal wage raises because, I believe, at that time some authorities decided that they went too far too soon and had to loosen the reins. This also applies to the issue of mine shutdowns. Mass layoffs were talked about, and this resulted in a strike and negotiated solutions.

[Kotowski] Despite all your reservations, could you define a condition in which satisfaction with the situation is combined with job satisfaction?

Some 10-20 percent of the population are satisfied with their personal situation, while a larger proportion, 35-40 percent, view their incomes as neither good nor bad, that is, average. Compared with the citizens of other countries, Poles are not more pessimistic.

The satisfied group includes of a certainty the new businessmen, people who founded their own companies. That is a way of learning how to behave in the new manner, how to reckon and calculate. They probably are like islands of the new order in their communities. But they too are worried—about profits, about the possibility of going bankrupt, and about having to repay their loans.

The satisfied group also includes persons with a higher educational background. They are much more proactive and earn more money, because their prospects look good. They are not afraid of change; they are more flexible.

Of a certainty also, satisfaction with the changes grows as incomes grow. However, as studies have shown, personal perception of one's own material situation is a more important factor than one's income. Nowadays the psychological factor explains more things than the figures on incomes. What matters is how one compares one's material condition with that of another, and who is one's standard of comparison. For example, to whom can the workers in Tychy [Automotive Plant] compare their standard of living? To Polish automotive workers in other cities or to Italian ones? Is my standard of comparison provided by a fellow professional who went over to the private sector and began to make a lot of money? Do we compare ourselves with those who are better or worse off than we? Do we believe that we have or do not have a chance to improve our material condition?

[Kotowski] It has already been suggested that the Polish society nowadays is divided into two groups: group A, which includes affluent and well-educated people, accounting for one-fourth of the nation, and group B, which consists of poorly educated low-wage earners. Does this division match the division into the satisfied and dissatisfied groups?

[Kolarska-Bobinska] The acceptance of change is often linked to hopes for the future and for coming opportunities rather than to our present-day reality. We observe that in regions threatened by structural unemployment the numbers of people dissatisfied with or rejecting the changes are the highest. But they may also contain the most people who are indifferent, shoved to the side, or repeating some slogans. A study of ours found that

privatization has been quite widely accepted in the eastern [impoverished] region. The only explanation would be that the changes connected with privatization have not yet reached that region, so that over there privatization still exists only in the form of a slogan. Comparison studies of East Europe as a whole show that the greatest acceptance of the introduction of the free market exists in the countries where this market is as yet barely rudimentary, such as Romania and Albania. In contrast, people in the countries in which these processes are the most advanced view them most negatively. Their responses do not mean rejection of these changes but rather reflect a painful lack of adaptation.

[Kotowski] What conclusions from these studies can be drawn by politicians?

[Kolarska-Bobinska] I believe that politicians would be mistaken in focusing on generalized programs. Nowadays points can be scored only by offering specific proposals or programs. What matters most is meetings with voters. The most favorable opinions of deputies and councilors are expressed by persons which participated in such meetings.

[Kotowski] Have not Poles attached too much hope to democracy, which is said to be a cold system that does not provide a feeling of a psychological bond, of security?

[Kolarska-Bobinska] The democratic system, like the market system, is an ensemble of certain concepts. In this country democracy has been associated with the satisfaction of personal needs, with better living standards. Since that has not happened, this means that democracy is not so valuable or essential. In every society democracy is a value in itself to a certain group of people, but its importance is devalued to those who link it to economic contentment. Especially considering that it was thought that we have a typical democratic system in Poland.

Contrary to appearances, nearly the entire effort of the political elites has been focused on perfecting the market economy instead of on perfecting the system of society. Thus we still have not a constitution and the basic questions about our system of society have not been resolved. In 1990 everyone believed that we already had democracy and now the market economy had to be developed. It seems time to put this belief to the test.

*** Gdansk-Kaliningrad Economic Contact Established**

93EP0314A Warsaw GAZETA BANKOWA in Polish
No 26, 25 Jun 93 p 5

[Article by Jan Kreft: "Entrepreneurs Are Pressing: Despite Many Barriers, a Gdansk-Kaliningrad Chamber of Commerce Has Been Created"]

[Text] As recently as four years ago, the Kaliningrad district was closed not only to business but also to

tourists. Since September 1991, local authorities of the Russian enclave have been trying hard to convert the area into a free economic zone.

The initiative for creating the zone goes back to Wilhelm Christians, president of the Deutsche Bank in 1976-88 and chief of the Federal Union of German Banks, which created the informal Konigsberg Enterprise Circle.

At first, the district was termed a special economic region, then a free enterprise zone in order finally to convert it into the Jantar Free Economic Zone. Of many predictions of economic improvements, including special tariff and tax regulations, most have not yet materialized. A five-year income tax relief was proposed only in certain cases—for example, in the agricultural-food sector. Other industrial and services enterprises can count on a three-year vacation, after which the investors will pay 50 percent of the mandatory rates.

Thus far, because of that zone, foreign capital has provided for more than 400 joint ventures (368 by the end of last year); of those, almost 100 have exclusively foreign capital.

Poles were most active; by the end of last year, they formed 118 joint ventures, and the Germans 68, but the value of German investment consists almost one-half of all foreign capital. Lithuanians, with 48, are in third place, followed by Latvians with 32. Swedes are partners in 26 joint ventures. Polish investors are interested primarily in agricultural-food production and tourist services.

The most serious problem is regulating payment. Two years ago, initial steps were taken to form a Polish-Russian bank in Kaliningrad. On the Polish side, most interested were the Agricultural Development Bank SA and the Elblag authorities; on the Russian side, Gosbank and the Baltvneshtorgbank. An enterprise project was presented a year ago. Thus far, the Polish Ministry of Finance has not made a decision permitting the participation of Polish investors. The obstacle is the unresolved Polish-Russian settling of accounts at the central level. The Elblag director of the Agricultural Development Bank, Wladyslaw Mankut, believes that in just such cases politics should be separated from local enterprise. The international clientele in Kaliningrad is waiting for service, and, as soon as there is a general meeting of the Baltvneshtorgbank, it may develop that money will be available—for example, through the prodding of those banks by the German press.

During the past year, two agreements on economic contacts were signed by Russia and Poland. Those defined the framework of cooperation between the district and the northeastern voivodships, specifically in the areas of finance and banking, tourism and transport.

In September 1992, an economic roundtable was convened in Kaliningrad. Unfortunately, no agreement was reached on the basic problem: payments for trade exchanges. The sides listed their specific interests and

that was all. The problem of the Elblag port being cut away from the sea was not resolved, either; ships may proceed to that port only through the Russian-controlled Pillau Strait.

Despite that, a Gdansk-Kaliningrad Chamber of Commerce was formed in Gdansk on 17 June 1993 by 50 entrepreneurs and representatives of economics institutions of both regions. Jerzy Pasinski, director of the Gdansk International Markets, was elected president of the organization.

*** Investment for Telecommunications Improvement**

93EP0312C Warsaw ZYCIE GOSPODARCZE in Polish No 27, 4 Jul 93 p 3

[Article by Krzysztof Mering: "Will the Conversation Take Place?"]

[Text] It is not easy to answer the title question. We know that in the immediate future there will not be as many conversations as we would like. Depoliticization in the field of communications has a price, and time and the banks, which are disposed to make loans for telecommunications investments, determine that price. Just as I do not expect that the "priority" call I placed for Ruciane-Nida three weeks ago will go through, neither do I have any illusions that the conversion of the manually controlled telephone exchanges to slightly more modern ones will take even longer.

Polish Telecommunications SA has been operating in its present form on the basis of the commercial code for only a year and a half, and anyone can see what the state of telecommunications is. Also, it is well that the new board president, Zdzislaw Nowak, sees that because our previous telephone boss preferred to emphasize how many telephone exchanges have been built. But, inasmuch as no provision was made at the same time for transmission networks, we have little use for those facilities, as modern as they may be.

Calling Western Europe

In Poland, there are 10 telephones per 100 inhabitants, a figure that places us at the bottom of the European countries. Maybe it is worse in Albania, but we do not know that. We do know that there are considerably more telephones east of our borders.

The Belarusians, although it would be hard to believe that it was the dream of the political rulers of that former Soviet republic to ensure their people open communication with the world, have 20 telephones per 100 inhabitants. Maybe they are not traveling abroad as often as we are, but at least they can telephone there. The Czechs also have more telephones, which is worth noting. Better that we should not even mention the other countries, those that had nothing to do with real socialism. The Germans have 40 telephones per 100 inhabitants, and the talkative French have over 50.

East of the Bug [River] there are no manual exchanges, which are already relics of the past, yet in our country, connections are still being made manually, with fewer calls going through all the time. But let us do some figuring: To date, \$4 a year per citizen in our country has been spent on investment in telecommunications. In Belarus, using the same example, it is \$10, although that is the equivalent of two decent monthly salaries. The Czechs, too, are shelling out \$10.

Profits depend on outlays, which in the case of Polish telecommunications proves itself beautifully. Of the 72,000 employees in that company, 18,000 work in manually operated exchanges, and those do not bring in much money. Statistically, income from telephones in our country works out to \$8,000 per employee per year; in Germany, it is \$118,000, and in the Czech Republic \$21,000. The Belarusians do not release such information. For years, we were installing 120,000 telephones a year. Recently it has been more, but obviously the problem has not been solved, and I am still waiting for that "priority" connection to Ruciane-Nida.

Not until we have at least 25 telephones per 100 inhabitants will it be possible to call Western Europe. Only then, as the results of studies show, can the telephone be regarded as an instrument used in the conduct of business. That requirement will not be fulfilled in Poland by the year 2000. We will enter the next century with 20 telephones per 100 inhabitants, although, in the large industrial and urban centers, there may be as many as 35, which does not sound at all bad.

At the same time, Polish Telecommunications SA, which is accused of operating a monopoly (although the case has not yet reached the court), wants to yield the field to other, smaller operators. That is mainly a matter of cost-effectiveness: Investment in low-population areas is not profitable. Other telecommunications enterprises could operate there, serving 20,000 subscribers, for example.

Polish Telecommunications SA is offering financial assistance in connecting local networks to the national network. At the moment, two such enterprises are functioning (in Rzeszow and Bielsko Biala), but over 40 have received permission.

Coin-Operated Phones

To attain the level of 20 telephones per 100 inhabitants by the end of the century will require outlays on the order of \$1.5 billion a year. Thus far, one-fourth of that amount is being spent.

World "telephone experts" believe that money can be made in Poland, although that is not yet generally known. The French, the Spaniards, and the Americans (with their AT&T giant) are carefully watching the market, particularly what the World Bank and the European Bank for Reconstruction and Development are doing. We know that those two financial institutions are attracting commercial banks with their decisions to grant

credit for such endeavors. In future stages of investment, the proportions are supposed to change: The shares of the World Bank are to shrink in favor of other investors.

The World Bank allocated \$210 million a year for modernization of the Polish telephone industry during the years 1991-93. That is not very much, but it means that other capital has been coming in also. Anyway, the market in the postcommunist countries is enormous. As calculated by the International Telecommunications Union, over \$90 billion is needed before the countries that experienced real socialism can telephone to Western Europe.

At present, Polish Telecommunications SA is financing its own investments from its own sources, through the use of credit, and investment leasing is being developed. Credits, for the most part, are foreign because Polish banks are not offering sufficient sums. The company would like to borrow \$100 million, for example, and, from a single bank, can borrow only \$10 million.

Its own sources of investment are certainly inadequate, although Polish Telecommunications SA, according to its president, Zdzislaw Nowak, is in good financial condition, which is no surprise to the people paying telephone bills that are already higher than those in Europe. In 1991, the company showed a profit of 48 percent. This year should not be much worse, although the controversy around the balance statement has been a public matter for a long time. According to Nowak, it is simply a matter of the costs of divorcing the post office from the telephone, costs that have not been accurately calculated, which can happen in divorce cases.

President Nowak likes leasing investment. Foreign investors will build, utilize, recover money and make a profit, and then turn the telephone exchanges over to Polish Telecommunications SA for a token zloty.

Whether it will be possible to accumulate \$1.5 billion zlotys a year from those three sources of income cannot in any way be calculated from the information that is available. All we can do at this point is hope. After all, we have done worse things with our telephone industry.

President Nowak, who does not know why the previous president was fired, also sees some bad things in the Polish telephone industry, something the users of telephones trying to reach the Mokotow district from the Prague district of Warsaw agree with. We hear about the mistakes; too much was invested in exchanges and not enough in the transmission network, which is constantly being plundered anyway. Money that was collected unjustly from the social committees that were building telephone lines and exchanges, with whom accounts were being settled in violation of internal instructions, is to be returned.

However, it will not be possible, as least right now, to install equipment that will print out the exact time of a

call and the telephone number. Our obsolete exchanges do not permit that, although automatic equipment will be installed where possible.

Privatization of a firm is not, says Nowak, a goal unto itself. First, a plan must be prepared and a specific ceiling fixed for the issuance of securities, which will then be changed into stock. The entire operation can take three to eight years, although the work has already been begun. However, we know for certain that telephone service will cost more because that is the agreement with the creditor, the World Bank. Costs of service will rise with the rate of inflation, although a larger number of rates is anticipated, and connections at certain hours need not cost more.

Polish Telecommunications SA continues to be a rather exotic phenomenon. In addition to our museum-quality manual exchanges, we have cellular telephones and other innovations. But we know that, without the development of a basic network, those islands of modernity in the hopelessly entangled telephone cables will sink. So, please wait. Will the connection come through?

*** LOT, New Zealand Airlines Share Routes, Planes**

*93EP0132B Warsaw ZYCIE WARSZAWY in Polish
3-4 Jul 93 p 3*

[Article by Maria Nowak: "Trip Around the World for \$1,650"]

[Text] Last year, LOT borrowed from Air New Zealand (New Zealand's national carrier) a Boeing 767 for the summer season because then, when passenger traffic is at its highest, it does not have enough long-range planes. It turned out to be good business for both sides. The leasing costs paid off twofold. What is the high season for us is the low season for Air New Zealand, and the fleet earns money only when it flies. Thus, the contract was extended for this year also.

During talks held last week, the idea of servicing the following route arose: New Zealand through Australia to Poland. The planes, with Air New Zealand crews, would fly to Bangkok, and from Bangkok to Warsaw a LOT crew would take over. In all probability, beginning next year LOT will conduct aircraft inspections for Air New Zealand.

But the most interesting result of the cooperation of both carriers is the inviting offer made only to Poles and attracting a huge amount of interest, particularly among business people. For \$1,650, a trip around the world can be made. A passenger flying from Warsaw by LOT transfers to an Air New Zealand plane in London or Frankfurt, flies to Los Angeles and then to Tahiti or some other island in the Pacific. It then lands in Denpasar (Bali), followed by a flight to Singapore. From there, a return to Warsaw on board a LOT plane.

During the trip, lasting two to three weeks, four stop-overs are permitted at any chosen landing sites, without additional fees, with the privilege of staying at the cheapest hotels of the Air New Zealand network.

*** Privatization in Electrical Engineering Noted**

93EP0310A Warsaw GAZETA PRZEMYSLOWA I HANDLOWA in Polish No 25, 22-29 Jun 93 p 3

[Article by Krzysztof Niedzialkowski: "Restructuring the Electrical Equipment Industry: Exploring a Road of Its Own"]

[Text] The restructuring of the electrical equipment industry was the subject of a discussion at the Institute of Electrical Engineering in Warsaw-Miedzylesie, among directors of the major enterprises of that subsector, scholars, and representatives of the Ministry of Industry and Trade, the Ministry of Ownership Transformations, the Central Planning Office, and the Ministry of Foreign Economic Cooperation.

The meeting was held under the auspices of the Committee for Industry, Restructuring, and Privatization of the National Economic Chamber and the Economic Chamber of the Electrical Engineering Industry.

The course of the discussion at the Institute of Electrical Engineering has shown that the restructuring of the electrical equipment industry is raising many reservations and stirring emotions. Much criticism was voiced concerning the government, which was accused of lacking an industrial policy that would promote Polish enterprises. The situation of the electrical equipment industry was viewed as exceptionally difficult owing to the influx of cheap imported products and the lack of protection of its own market against dishonest competition.

It was pointed out that the opening of the Polish economy to foreign capital is not producing the expected results. Western enterprises are chiefly interested in selling on the Polish market rather than investing in this country. It was stressed at the meeting that they have an incentive in the form of low duties on finished products as opposed to high duties levied on raw materials and semifinished products. This is definitely placing foreign enterprises in a privileged position in which they find it easy to win the competition with their domestic counterparts.

Another important issue raised in the discussion was the privatization of electrical-equipment enterprises. It was said to be too slow. One reason is due to the dearth of Polish capital that could take over some assets of the state sector. Polish banks, too, show little interest, although they could finance the growth of the enterprises by forming consortiums.

During the discussion several proposals were made. Among other things, the establishment of a market for "unwanted property" and changes in the management of

state enterprises were suggested. It was proposed that, following the conversion of these enterprises to joint-stock companies, the government, while remaining a majority shareholder, should suspend its own voting rights while retaining the right to dividends. Such a solution would make management accessible to small investors and private capital, who and which often are more efficient as managers.

At the conclusion, emphasis was placed on the need for an urgent development by the government of a comprehensive plan for restructuring the electrical-equipment industry and defining its growth strategy. It was agreed that this is an indispensable prerequisite if the enterprises are to work out their own growth approaches.

*** Rail Transit Firm Gains Access to Ukraine**

93EP0310B Warsaw ZYCIE GOSPODARCZE in Polish No 26, 27 Jun 93 p 25

[Article by DB: "DEC Rides Into Ukraine"]

[Text] The territory of the USSR used to be, during the existence of that state, inaccessible to foreign rail freight. Soviet laws barred foreign carriers from entering the state, and anyway that was practically impossible owing to the different track gauge. Thus freight had to be reloaded at the border into Soviet freightcars. This markedly prolonged the duration of transit and increased the cost of hauls.

The disintegration of the Soviet Union has changed this situation. The individual countries of the former USSR began to appreciate the advantages of foreign trade. The vast eastern market opened to foreign carriers. The first foreign firm to exploit this opening is the Dyrekcja Eksploatacji Cystern (DEC), or Tank Car-Operating Management.

"We are at present the sole foreign carrier to have obtained from the Ukrainian authorities a permit for having our own freightcars enter Ukrainian territory," said Stefan Garus, deputy director for trade and transportation at DEC.

The negotiations for the permit took nearly two years. In these negotiations DEC was assisted by the General Directorate of the Polish State Railroads; they were difficult but ultimately successful. The technological barrier of the different track gauge in Ukraine, and also of the different method for coupling freightcars and a different brake system, was also overcome. Polish experts developed a new engineering solution serving to efficiently transfer a freightcar onto a broad-gauge rail car. They also adapted the brake system and car couplings to the CIS standards.

"In 1964 we plan to employ a totally new solution, which will make transportation possible without having to transfer freightcars onto a different track gauge. It entails using a rail car with movable wheels. On a special track segment near the border the wheel disks will be moved

apart to fit a broadening track. The entire operation will take place without halting the train, which will keep moving at a speed of about 10 km per hour," explained S. Garus.

Dispensing with transloading is particularly important for the kind of freight in which DEC mainly specializes in transporting, namely, hazardous products whose transloading always involves danger to the natural environment.

DEC's entry into the Ukrainian market opens to that firm broad prospects for imports and exports of liquid chemicals. The fact that it is the sole foreign enterprise that can avail itself of the railroad network of our eastern neighbor places DEC in a privileged position vis-a-vis its competitors, including those from countries other than Poland. What is more, it also has been certified to operate its tank cars in international rail traffic. It thus can provide services to West European companies which are interested in trade with Ukraine and other countries of the former USSR. This is important because DEC intends to continue its expansion into eastern markets. Currently it is negotiating with the authorities of Belarus and Russia (in the latter case chiefly concerning Kaliningrad Oblast).

DEC was established directly after World War II as a component of the then-arising Central Petroleum Products Agency (CPN). It remains part of CPN to this day, although, since last September (i.e., since the adoption by the Council of Ministers of a program for restructuring the fuel industry) it has been known that it will soon split from CPN and become a totally autonomous enterprise.

The enterprise operates with one of Europe's largest railroad tank car pools of its own. It has more than 12,000 tank cars with a combined load capacity of nearly 680,000 metric tons. This is more than one-half of all the tank cars owned by Polish enterprises (Polish State Railroads in general lacks such equipment). Each year DEC's tank cars transport about 10 million tons of freight.

"Last year our net earnings amounted to 10 billion zlotys," said S. Garus. "This is not, of course, an impressive result, but it should be borne in mind that 90 percent of our gross earnings is transferred to the State Treasury and, moreover, investments absorb a considerable part of earnings."

After the reform of the fuel subsector DEC will become a joint-stock company with the state as the majority shareholder. But this will not mean any special privileges for the firm. It will follow normal rules of the market. That is why it is even now taking intensive steps to expand its range of services and make them more attractive.

"We want to stop specializing in just one service, which we have been providing for decades, and offer to our customers the transportation of products other than

petroleum ones," said S. Garus. "We could, for example, transport foodstuffs and chemicals in specially adapted freightcars. We also are planning to acquire other modern freightcars with sliding walls. So far no one in Poland has been using such freightcars, whereas in the Western countries they are standard equipment."

DEC is preparing itself to provide so-called bimodal, or combined "piggyback," truck-rail transportation services. This is a new solution at a high technological level that is only beginning to be introduced in the West. The prohibition against trucking on weekends, which has been introduced in many countries, has resulted on markedly prolonging the time of freight transportation by trucks. That is why it was decided to combine rail with truck transport. A trailer truck carries freight from the site of its acquisition or production to a railroad station where the trailer is decoupled, placed on a rail car, and transported to its destination station, where it is again coupled to a truck cab and transported to the customer's site. Such "door to door" transportation has already found application in the United States (e.g., in automotive manufacturing discrete car parts are transported from suppliers to the factory where the cars are assembled), Australia, Sweden, and Switzerland.

DEC would be the first Polish carrier to offer customers piggyback transportation, and this, combined with the company's strong standing on the eastern market and its ability to transport freight throughout Europe, is turning it into a multifaceted transportation enterprise.

* High Prices Cause Reduction in Food Consumption

93EP0312A Warsaw ZYCIE WARSZAWY in Polish
3-4 Jul 93 p 3

[Article by Wojciech Raducha: "Tightening the Belt"]

[Text] The number of households in which hot meals are eaten only two or three times a week is increasing. One-fourth of the people are not eating as well as they were a year ago. Thirteen million are living below the poverty level. We choose to eat Polish food over food coming from abroad.

Almost half of Poles buy food by reducing other expenditures, and every sixth Pole does not pay his monthly rent or utility bills so that he can buy food. The reason is the growing sphere of poverty.

Studies conducted by the Main Statistical Office (GUS) show that each year a larger number of Poles, because of bad financial circumstances, find themselves in what is commonly called the "poverty group."

Describing Poverty

Until recently, no studies on poverty were made in Poland because, throughout the entire postwar period, the use of the word "poverty" in scientific and statistical analyses was forbidden.

For several reasons, all figures dealing with poverty are estimated. In its studies of this phenomenon, GUS limits itself only to noting our incomes. It omits housing conditions, savings, and other household resources. Nevertheless, if we compare the average income per family member with the minimum wage, it turns out that, in 1992, almost 39 percent of households were below that designated ceiling. For a one-person-working household, an income of 1,424 thousand zlotys was assumed as a minimum. That means that, last year, for more than 13 million Poles, that sum was not achievable. In 1991, the number of households with incomes below that minimum was even higher—25 percent—and the year before that the figure was 20 percent. Today, almost one-fourth of all Polish families are threatened with permanent poverty because that many of them, over the last three years, did not scale the poverty level even once.

What the Poor Say About Themselves

Another method of measuring poverty leads to less pessimistic conclusions. Asked what amount of income to them seems to be indispensable to maintain a "barely adequate" standard of living, the sum they cite most frequently is a little less than the official minimum the statisticians use. Thus, 35.5 percent of families were deemed to be poor in 1992, while, in 1990, the figure was not much lower—32.6 percent.

Those most threatened by poverty are families with many children, mothers raising their children alone, single persons, and families in which unemployment benefits are the main source of income.

Food on the Polish Table

Every fifth family believes that its ability to put food on the table has decidedly dropped in the past year. Not many more are living better than a few years ago. In every second family, the level of consumption has remained the same. Almost half of the families eat hot meals with meat or fish less frequently than every two days. But, at the same time, the consumption of meats and fruits is growing, although the consumption of cheeses and milk is falling.

During the past three years, food prices rose more slowly than did prices of other articles and services. Nevertheless, in making our purchases, we are turning more and more often to cheaper products.

Contrary to popular opinion, food produced domestically is preferred. Every third household buys mainly Polish articles, and every fifth household chooses Polish food exclusively. Domestic food was also rated higher from the standpoint of quality, price, and healthfulness than food from abroad.

* Proposals for Managing Unemployment Viewed 93EP0314B Warsaw GAZETA BANKOWA in Polish No 26, 25 Jun 93 p 3

[Article by Maria Dunin-Wasowicz: "Pay in the Name of Solidarity"]

[Text] The new fund and investment relief should revitalize the labor market and the hope that the government will deal with unemployment.

If the 2.6 million unemployed Poles stood in line, the line would reach from Warsaw to Moscow. But long-term predictions indicate an increase in the army of the unemployed to 3.2 million in 1994; in that case, the line would extend to Siberia. The degree of unemployment in Poland would then exceed 15 percent.

Will that be a barrier to economic and social reforms in Poland? That is possible. No one knows yet how many of the unemployed work underground and how many work legally. In 1990 and 1991, hidden unemployment was tolerated by the state enterprises. A change occurred only in 1992.

Income and Expenditures

In part spontaneously and in part with the help of the government, the evolving situation may bring about an amelioration of unfavorable economic developments. The case of Poland, however, is somewhat more difficult. The country is straddling the magical boundary between two systems: socialism and capitalism. Moreover, OECD experts say that, despite the noted (and predicted) increase in the GDP [gross domestic product], Poles cannot count on any rapid improvement in the labor market situation. It is true that, in the private sector, employment is increasing (by approximately 1.1 million during the past year), but it will not be able to absorb the masses of workers in state enterprises—for example, in the metallurgy or coal industries. Approximately two-thirds of the workers in those industries may lose their jobs in the next eight to 10 years. During the past three years, the number working in the public sector decreased by 2.8 million. Let us add that, thus far, Polish unemployment has not had the consequences that usually occur in wealthier countries: a trend toward curbing wages and limiting production.

Unemployment began four years ago when employment offices had 245,000 job vacancies and scarcely 10,000 persons seeking employment. In 1992, 1,560,400 newly unemployed registered, and 1,206,600 were dropped from the rolls. So the increase was greater than the decrease in the numbers of unemployed. Obviously, the situation varies in different parts of the country. The regions in which structural unemployment reaches up to 30 percent present an urgent problem; long-term unemployed make up 44.8 percent of the total number unemployed.

Studies indicate that, beginning in 1995, unemployment should decrease—Under the condition, however, that an

active labor market policy will begin to accompany the eventual economic growth, which should be no lower than 4 or 5 percent.

A Phase Program

European politicians know those ABC's very well and are racing to develop programs to decrease unemployment, with various results. Polish officials in high government positions were fascinated at first with unemployment, and only later did they think about how to deal with it. It is perhaps for that reason that only recently an integrated program (presented to the press several days ago) for counteracting unemployment and ameliorating its negative consequences was developed jointly by the Ministry of Labor and Social Policy and the Labor Office (in existence since the beginning of this year). As Minister Jacek Kuron has said, in no way is it a part of the government election program; it is simply a program.

Three phases of operation are envisioned in that program. First, as the program indicates, "the decreasing rate of increase in unemployment will be maintained through stabilization of the number of workers." Next, "the increase in the number of unemployed will be retarded by balancing the rate of increase in the number of jobs and the rate of increase in the supply of labor." Phase three envisions "a decrease in the number of unemployed through an increase in the number of jobs exceeding the increase in the supply of labor." In each phase, everyone, from the official in the community through the voivodship governor, reinforced by appropriate authority, through the government will fight against unemployment. The basis of the new battle will not be an increase in the money pool for relief but, rather, allocating money for so-called active forms of combating unemployment. This year, 28.4 billion zlotys [Z] from the Labor Fund are allocated for relief but scarcely Z3.4 billion for a change in trade qualifications.

Active Forms

Actually, the effectiveness of existing legislative efforts—for example, relief for foreign companies investing in communities threatened by unemployment—is not yet fully known, but the government has decided to take the next bold step. An order will be issued that, beginning in July, a 50-percent deduction will be authorized from income from investment expenditures in communities threatened by high structural unemployment.

Subsequent actions are anticipated for the beginning of next year. Public and interventionist works are to be extended then. Local labor clubs affiliated with local self-government will be organized. Agencies, foundations, and banks will be mobilized to help. But, most of all, a new fund will be introduced.

The Ministry of Labor believes that the relation between the sums expended for relief and the amounts directed toward training and creating new jobs must be changed. It is proposing, therefore, to spend approximately Z21.4 billion on so-called active forms. Presumably, the budget will cover that. As of next year, not only would employers contribute their 3 percent toward the unemployed, but, in the name of social solidarity, the workers would add 2 percent from their pay. It is proposed that, at the same time, the minister of finance would give up a part of the budget income and decrease the base for computing income tax for individual tax payers by 1.6 percent. Computations of the Ministry of Labor and Social Policy indicate that, in the name of social solidarity, the budget would lose approximately Z1.8 billion in taxes.

After the new fund is introduced, the total insurance liability for individual wages would be 49 percent, not the present 47 percent. Income of the Labor Fund would increase in that way by approximately Z9.1 billion in 1994. In Kuron's opinion, the fund is indispensable and would be the initial form of a future Fund of Guaranteed Workers' Services.

Minister Kuron makes many other interesting legislative proposals to counteract unemployment. One wonders who will be entrusted with implementing them.

World Bank Loan of \$80 Million Approved

93BA1262H Ljubljana DELO in Slovene 16 Jul 93 p 1

[Article by Mitja Mersol: "A Loan of \$80 Million From the World Bank"]

[Text] *It is intended for transforming the Slovene financial and entrepreneurial sector; we will start to repay it in five years; president's recommendation.*

(From our correspondent) Washington, 15 Jul—Slovenia will receive \$80 million in loans from the World Bank for transforming the financial and entrepreneurial sector. We will start to repay the loan in five years, and we will be repaying it for 15 years under relatively favorable terms from the World Bank, according to Boris Skapin, deputy executive director in the bank and "our man" at that large international financial institution.

Today the Board of Executive Directors discussed the recommendation for the loan prepared by World Bank President Lewis Preston. The president's recommendation said that the main goal of the loan was timely and appropriate support for Slovenia's efforts to carry out effective reforms of its entrepreneurial and financial sector. The loan is to make possible or facilitate the privatization and transformation of enterprises, and accelerate the development of a strong financial support sector.

The loan, as proposed in Preston's recommendation, is divided into two parts: \$75 million is intended to support the Slovene Government's program for comprehensive economic reform (transformation of the entrepreneurial and banking sectors, the labor market, and the consolidation of social security), and \$5 million is intended for technical assistance (financing advisers and training personnel in areas that are of vital importance for the reform program).

In considering the loan, the World Bank noted that in spite of the unfavorable external situation after independence, Slovenia had made substantial progress in achieving macroeconomic and currency stability and in increasing its foreign exchange reserves. The Slovene economy, however, is now at a crossroads, primarily because of the remnants of old microeconomic residues, and thus the bank thinks that the loan, as support for entrepreneurial and financial transformation, is necessary and justified.

"The loan is important because with relatively favorable repayment terms—the five-year grace period and the World Bank's favorable variable interest rates—it will make possible and accelerate the transformation of the Slovene financial and entrepreneurial sector," Boris Skapin said before the meeting of the Board of Executive Directors. "The fact that the World Bank has always participated in preparing the concept of the government's economic program, and of course also supported it, is undoubtedly very important as well. The leadership

of the World Bank, in its presentation to the Board of Executive Directors, particularly emphasized that in this case it was an extremely intensified program that Slovenia was already successfully carrying out, and that could also serve as a model for new states that want to improve their financial and entrepreneurial sector," Skapin said.

Skapin also pointed out the problem of "graduation," and said that the Slovene gross domestic product per capita was otherwise already almost exceeding the limit (that limit starts at approximately \$4,700) up to which established members of the World Bank can still receive its support; in spite of this, the bank's leadership proposed to the Board of Executive Directors that a discussion of Slovenia's possible graduation be postponed for the time being.

TV Hiring Influenced by Party Affiliation

93BA1262F Ljubljana DELO 14 Jul 93 p 1

[Article by Zdenko Matoz: "Politics Responsible for Personnel Changes at Slovene TV"]

[Text] *Vladimir Vodusek has been replaced by Rosvita Pesek; party preparations for amending the law on Slovene Radio-Television.*

Ljubljana, 13 Jul—Vladimir Vodusek, the editor of Slovene national television's domestic political and economic broadcasts, was replaced by Rosvita Pesek at today's meeting of the editorial staff. Vodusek called a news conference for that reason.

Vladimir Vodusek said that he began his career as a TV reporter as a correspondent from Belgrade, and otherwise without political sponsors. Even then he somehow became involved in a conflict with the leadership, which is mostly still at the television company. He also received the Tomsic Award for his reporting from Belgrade during those crucial years, for which some people are now criticizing him.

He emphasized that his biggest mistake was when he accepted an editorial position at the invitation of the political news program's managing editor, Lado Ambrozic, without being more familiar with the internal workings of Slovene television. He said that during these two years there had been many conflicts at the television company, as a result of which many reporters left. They were replaced by new, younger ones, who with a few exceptions are prepared to accept any sort of editorial policy whatsoever. Vodusek says that he worked this whole time in a solely professional manner, without political support. He thinks, however, that a period has begun when a reporter can no longer work without political support.

Vodusek said that among the reasons for his replacement were insufficient loyalty to Ambrozic, a lack of cooperation, and also his journalistic work, primarily the presentation of the presidential candidates, "Focal Points," and commentaries.

He added that he was replaced because he was too troubling to some leading political parties. In his opinion, this has to do with laying the groundwork for a seizure of power at Slovene television, which several parties are preparing for the fall, when the law on Slovene Radio-Television will be adopted.

Collective Bargaining Agreement Signed

93BA1233B Ljubljana DNEVNIK in Slovene 10 Jul 93
p 4

[Article by Alenka Brezovnik: "Still Tightening Belts Until the End of the Year"]

[Text] *The collective contract for the economy has been signed, and it will only be necessary to observe it; if there is no economic turnaround next year, the state, not the workers, will be responsible.*

Ljubljana, 10 Jul—After yesterday's formal signing of a general collective contract for the economy, the "opponents"—the representatives of employers (the Slovene Chamber of Crafts) and employees (the Slovene Federation of Trade Unions 90, the Confederation of Trade Unions Pergam [as published], Independence-KNSS [Confederation of New Trade Unions of Slovenia], the Trade Union of Commercial Bank Employees, and the Federation of Independent Trade Unions of Slovenia) shook hands. The one most delighted by the signing of the contract was Minister of Labor, Family, and Social Affairs Jozica Puhar, and GZS President Dagmar Suster said jokingly that he would have deserved prorated service for the negotiations with the unions, naturally if public spending had not been restricted.

Both sides are thus satisfied, and wages in the economy have been curbed until the end of the year. Specifically, the employers and employees signed three documents yesterday. Along with the general collective contract that is supposed to be in effect until the end of 1995, there is also a rate scale part valid through December 1993, and an agreement requesting that the government immediately take steps to curb excessively high public spending (especially traditional state expenditures), and keep it within reasonable, feasible, and economically acceptable limits, and at the same time also take steps to make economic growth possible. Preparations are thus supposed to start immediately for concluding a rate scale annex to the contract that would apply to next year, in which the base wage would be such that basic wages would not be reduced, and negotiations are also to be continued on concluding collective contracts for economic sectors. One of the more important agreements is also certainly the one that enterprises or employers that

introduce up to a 20 percent reduction in basic wages would not dismiss employees during that period.

According to the collective contract, during the next five months, including December, base wages will be increased according to an escalating scale. If the prices of basic necessities grow less than 3 percent a month, wages will remain the same; if the prices of basic necessities grow between 3 and 5 percent a month, for each percentage of growth above 3 percent they will increase by 0.7 percent. If the prices of basic necessities grow above 5 percent, through 8 percent, they will increase by 0.8 percent for each percentage of growth in the prices of basic necessities; and if the prices of basic necessities are higher than 8 percent [as published], the base wages will be increased by 0.9 percent for each percentage of growth above 8 percent. The price growth index for the previous month will be used to assess base wages during the current month, and the escalating scale is in effect as of 1 July. If workers go on strike because of a violation of the collective contract on wages, reimbursements, or the immunity of shop stewards, they are entitled to compensation in the amount of 70 percent pay, for at most five working days.

Both sides in the negotiations have shown interest in adopting an agreement on a social partnership as soon as possible. As GZS President Dagmar Suster emphasized, the signatories believe that if both contracts are observed (including the noneconomic one), they will achieve the beginning of an economic turnaround, and if not, then the state will be at fault, not the workers.

Base Wages in Article 35 of the General Collective Contract for the Economy, by Individual Rate Categories (for July 1993)

Rate Number	Rate Category	Gross Base Wages in Tolars for Full Work Period
I.	simple jobs	35,548
II.	less difficult jobs	39,120
III.	jobs of average difficulty	43,685
IV.	difficult jobs	48,699
V.	more difficult jobs	55,096
VI.	very difficult jobs	65,759
VII.	highly difficult jobs	74,656
VIII.	most difficult jobs	88,883
IX.	extremely important, most difficult jobs	106,629

Salaries Decreased in May

93BA1262E Ljubljana SLOVENEK in Slovene
15 Jul 93 p 1

[Article by D.H.: "May Salaries Lower"]

[Text] Ljubljana—The average net salary in Slovenia in May was 43,765 tolar, 40,830 in the economy and

54,178 tolar in the noneconomic sector. The average gross salary was 70,831 tolar, 65,737 in the economy and 88,905 tolar in the noneconomic sector. In May salaries declined by an average of 0.8 percent in comparison with April, primarily as a result of a 3.5 percent decrease in the noneconomic sector, since in the economy they increased by 0.2 percent. The average salaries paid during the first five months of this year are 84.1 percent higher than the comparable salaries last year.

Record Unemployment in June Reported

93BA1262A Ljubljana DNEVNIK in Slovene 14 Jul 93 p 1

[Article by (ab): "Already 127,896 Unemployed"]

[Excerpt] [passage omitted] *The government will have to ensure at least another 5.5 billion tolar for unemployment compensation; with 14-percent unemployment, after Spain, we are at the inglorious top for Europe; an innovation—a fund for the voluntary insurance of craftsmen and independent cultural workers.*

Ljubljana, 14 Jul—With 14-percent unemployment, Slovenia, after the Spaniards, is at the inglorious very top for Europe. According to the latest data, 127,896 people are already unemployed, a full 2,000 more than in May. The Republic Employment Institute is struggling with serious financial difficulties, since the deficit is over 8 billion tolar.

If the budget is not rebalanced, the government will have to ensure at least 5.5 billion tolar for unemployment compensation and monetary assistance, which are already being received by over 50,000 people. The legislation amended for the sake of increased effectiveness, which will also be before the State Assembly this month, will affect the newly unemployed, but the present ones will still enjoy all rights. A fund for the voluntary insurance against unemployment of craftsmen and independent cultural workers will also be established this year.

Cost-of-Living Decreased in June

93BA1262C Ljubljana DNEVNIK in Slovene 15 Jul 93 p 24

[Article by (ab): "Food Has Become Cheaper"]

[Text] *The June basket of worker's cost of living; family costs are still extremely high.*

Ljubljana, 15 Jul—Surely it is not true, but it is! According to information from the Free Trade Unions' technical service, which calculates a basket of the cost of living for a three- and four-member worker's family every month, in June vital necessities, with inflation at 1.4 percent, increased by 0.6 percent as a result of a

seasonal decrease in the price of food, which is an extremely important item in the basket.

The costs are nevertheless extremely high. A three-member worker's family (the costs of a four-member family are in parentheses) would need 155,707 tolar (186,815 tolar) for average costs in June, 88,260 tolar (105,515 tolar) for minimal costs, and 55,278 tolar (64,752 tolar) for minimal monthly costs. How much families would need is a matter for statistics, but in actuality 80 percent of Slovene families can only dream of such figures.

Pensions Decrease in July

93BA1262I Ljubljana DELO in Slovene 17 Jul 93 p 1

[Article by Slava Partlic: "Pensions Will Now Be 0.8 Percent Lower"]

[Text] Ljubljana, 16 Jul—Rather discouraging news for retirees is coming from the Pension Institute today. Specifically, pensions and other forms of monetary compensation paid by the Pension Institute will be reduced again this month—by 0.8 percent in comparison with the previous month.

Appropriate decisions on this were adopted today by the Pension Institute's board of directors, namely on the basis of the official statistical data on the average salary in May, which was once again 0.7 percent lower than the month before, and the intervention law, which requires that this year pensions be coordinated in such a way that the average pension for a full career will amount to 85 percent of the average salary.

The amounts that retirees will receive at the end of this month will not be 0.8 percent smaller in size, however, but rather 4 percent. In fact, since 1975 July has been a month in which the state, in accordance with a valid law, collects one day's earnings from employees for solidarity purposes, and one-thirtieth of the pension, or 3.22 percent, from retirees. Only retirees who have a smaller pension than the smallest one for a full career will be exempt from paying this solidarity contribution.

After today's adjustment, the smallest possible pension from 1 July on will be 9,391 tolar, the smallest pension for a full career (equal to a farmer's or veteran's pension) will be 22,807 tolar, and the largest pensions, depending on the date of retirement, will be from 108,939 to 119,363 tolar. The bonus for assistance and home care now amounts to 15,965 tolar (higher) or 7,982 tolar (lower). Disability payments are as follows: for bodily damage resulting from an injury at work, from 2,281 to 5,474 tolar, and for bodily damage resulting from illness, from 1,596 to 3,832 tolar.

Draft Law on Local Elections

93BA1239G Ljubljana DELO in Slovene 12 Jul 93 p 2

[Article by Jana Taskar: "Different Electoral Systems for the Elections of Municipal Bodies"]

[Text] *A new method of local elections as early as next spring; mayors will be elected in the same way as the state president; a system of elections adjusted to the size of the municipality and the number of members of the municipal council.*

Ljubljana, 11 Jul—It sounds a bit unusual, but everything indicates that the new Slovene municipalities—when they are formed in accordance with the Law on Local Self-Government—will use different electoral systems to elect their authorities. Specifically, the draft law on local elections that was prepared by the Law School's research center together with experts from the Ministry of Justice offers a choice of electoral systems: majority, proportional, and combined.

The new method of local elections will be implemented as early as next spring, although by then, of course, the transformation of the present municipalities into the new ones will not yet have been carried out, aside from exceptions and municipalities where it has already been decided that the municipality will be kept as it is. Such cases would be Izola, Sevnica, Idrija, etc. This means that ideas about possible early elections of new municipal authorities or extending the term of the present ones are out of the question. The transitional provisions of the draft law on local elections, in fact, specify that elections can be held two months at the earliest and 15 days at the latest before the expiration of the terms of the present three chambers of the municipal assemblies. Thus, as early as next spring, in the municipalities we will elect a municipal council—the municipal committees will elect the council members from among themselves, according to the same system by which they were elected—and a mayor.

Elections of Mayors

According to the draft law, mayors will be elected on the basis of general and equal suffrage in direct elections with a secret ballot, in accordance with the majority principle. There can be several candidates. The one who receives a majority of valid votes will be elected. If none of the candidates receives enough votes, a second round of elections is planned. Mayors will consequently be elected according to the same principle as the state president. Let us also list the mayor's most important tasks. The mayor represents and speaks for the municipality, and takes care of and is responsible for implementation of the decisions of the municipal council and the municipal committees. Municipalities will also be able to have one or more deputy mayors who will be elected by the municipal council. In municipalities that do not

elect a deputy mayor, the senior member of the municipal council will substitute for the mayor in his absence. Our future municipalities are to have approximately 3,000 inhabitants, but of course smaller and even larger ones are not excluded; these [the larger ones] will be the city municipalities.

The draft law adjusts the system of elections to the size of the municipality or the number of members of the municipal council. Municipalities with less than 3,000 inhabitants and with less than a 10-member council are to have a majority system of elections. The voters will thus vote on individual candidates—they will be nominated by political parties and voters themselves in the same way as in last year's state elections—and the candidates who receive the most votes will be elected.

In municipalities with more than 10 and less than 20 council members, at least half of the municipal council members are to be elected according to the majority principle, and the other half, by choice, according to the majority or the proportional system. Municipalities whose councils have more than 20 members are to elect at least half of the council members according to the majority principle, and at least a third according to the proportional principle. The proportional system alone is to be in effect only in municipalities with over 100,000 inhabitants (Ljubljana and Maribor), and the municipalities will also be divided into as many electoral districts (units) as there are members of the council. The proportional system, of course, means voting for lists of candidates, and also the use of the D'Hondt system for dividing up seats—from an individual party's list, as many candidates are elected in sequence as there are seats that belong to it.

Somewhat different rules are to apply to municipalities with over 100,000 inhabitants, since the voters would choose or elect individual candidates from lists of candidates by electoral districts.

Of course, the law also provides for representation of the Italian and Hungarian minorities in municipal councils, and also for the representations of Gypsies in municipalities where they are permanent residents—the majority system will apply to the election of council members from their ranks.

The draft law also covers elections to provincial bodies: the provincial councils will be elected according to the majority principle, and the electoral units will be the municipalities. The members of the provincial council will elect the chairman from among their ranks. Since the draft law on local self-government, in addition to municipalities, city municipalities, and provinces also permits the establishment of regional and rural communities and quarters, the draft law on local elections also covers a method—by majority—for these elections, which as a rule would have to be at the same time as the elections of the municipal council members and mayors.

[Box, p 2]

The draft law also provides for a remedy for the lack of a quorum in municipal councils. Specifically, the State Assembly can dismiss a municipal council and schedule new elections if the municipal council does not adopt a budget on time, and also if it does not meet with a quorum within a period of six months after being convened three times. The municipal councils would have to meet at least every three months; the mayor convenes the meetings. There is an interesting provision that the public cannot be excluded from a council meeting when the council is discussing the budget and the municipality's final account.

[Box, p 2]

The draft law specifies that a municipality with less than 3,000 inhabitants would have a 7- to 11-member municipal council, a municipality with up to 5,000 inhabitants would have 11 to 15 members in the council, a municipality with up to 10,000 inhabitants would have 15 to 19 members, one with up to 15,000 inhabitants would have 19 to 23 members, a municipality with up to 20,000 inhabitants would have 23 to 27 members, a municipality with up to 30,000 inhabitants would have 27 to 31 members, and one larger than that would have 35 members in the municipal council. City municipalities with more than 100,000 inhabitants would have 50-member municipal (city) councils.

Federal

FRY Defense Minister Bulatovic Interviewed

93BA1302A Belgrade DUGA in Serbo-Croatian
18 Jun-2 Jul 93 pp 10-14

[Interview with FRY Minister of Defense Pavle Bulatovic by Zdenka Acin; place and date not given: "Pavle Bulatovic: Without Officer's Conceit"]

[Text] *"Without having a better knowledge of matters and without extensive analyses, it is hard to put forward the allegation that Gen. Panic, to save his own skin, delivered to Milosevic the shorthand report from the meeting between Dobrica Cosic and several generals, which served as an argument for Cosic's dismissal. It has not been established who drew up that shorthand report, how it ended up in the hands of a group of parliamentary deputies, and whether the text contained in it is authentic. I saw it in the Assembly, but I do not know who showed it to me!"*

[Acin] When you were appointed minister of internal affairs in the first government of the "third" Yugoslavia—the government of Prime Minister Panic—that was interpreted as a logical progression in your career, since you had already been the republican minister of internal affairs in Montenegro. But when you were appointed minister of defense in the second government of the "third" Yugoslavia—the government of Prime Minister Kontic—the surprise among the public was considerable, precisely because you were the first civilian chosen to manage the defense affairs of the Federal Republic of Yugoslavia. How did a civilian find himself in the post of defense minister?

[Bulatovic] If one bears in mind that there are civilian defense ministers in a large number of countries of the world, then there is nothing strange about the fact that a civilian holds the post of defense minister in the Federal Republic of Yugoslavia. Admittedly, we have not had the occasion—neither in the former SFRY nor thus far in the FRY—to get used to a civilian having the status of defense minister. However, if one reads the FRY Constitution carefully, then it is quite understandable why the defense minister is in fact a civilian, and not a general or admiral, as has been the practice in the past.

[Acin] You say, "if one reads the FRY Constitution carefully, then it is quite understandable..." Still, it seems to me that for those who do not have the opportunity to use the Constitution as reference literature it is not exactly clear why the defense minister is a civilian and not a general or admiral, and thus a military figure?

[Bulatovic] When the political and economic system was changed and the multiparty system was introduced, and when a certain number of political parties captured seats in parliament, the situation dictated that the defense function too be under a different authority than it had been in the past. I think that that is the basic reason for deciding that a civilian should be the defense minister.

[Acin] Speaking of the new conditions since the introduction of the multiparty system, we certainly should bear in mind that the Constitution also states that members of the Armed Forces of Yugoslavia cannot be members of political parties. But if we know that not only the military leadership, but also the entire Army used to be closely connected to the political leadership and the political party that is in power—that both generals and military personnel in general were members of the Central Committee of the League of Communists of Yugoslavia [LCY] and required to be members of the LCY—how much progress has been made with the plan to depoliticize the Army?

[Bulatovic] There is not a single party organization operating right now in the Armed Forces of Yugoslavia—nor any trade-union organization—because the Constitution simply prohibits activity by political parties in the Army. Still, man is a societal being who experiences and senses societal and state problems in his personal, individual way. Accordingly, I think that it will take a fair amount of time to level out, or eliminate, this intimate feeling of affinity—which cannot be formal in nature—to some political party from the human soul. And it is hard to know what is lurking in the human soul, because that cannot be recorded by any medical machine, nor by any type of technology....

[Acin] On the other hand, we have seen that the removal of the now former president of the FRY and member of the Military Council, Dobrica Cosic, took place after a closed meeting with the military leadership. Specifically, Cosic was denounced by one of the people present for allegedly hatching a plot, and for having putschist intentions. Do you really believe that Cosic was conspiring to prepare for a military putsch?

[Bulatovic] There really have been some interpretations—even in the Federal Assembly, during the debate on dismissing President Cosic—to the effect that this meeting that he held with the military leadership constituted, or could have constituted, a conspiracy, i.e., the intention to carry out a military putsch. However, I am convinced that in the current balance of power a military putsch would clearly not be a solution to the current problems, and I believe that President Cosic was aware of that, since he well knows the historic, political, and economic conditions in Yugoslavia. Thus, I do not believe that he had any putschist intentions. The very fact that that meeting was closed made it possible and provided a reason for the course of the meeting to be reconstructed in a certain manner, but without reliably knowing the facts about what was discussed there. This, I think, was the mistake of the whole business, because there were no original documents available that would have given deputies clear and complete insight into what Cosic discussed with the military leadership at that meeting and what President Cosic actually said at that meeting.

[Acin] Do you believe in the authenticity of the report that was allegedly taken down in shorthand at that

meeting and then made available to only a limited number of deputies—not all the deputies in the Federal Assembly—even though it was used as “evidence” in the process of dismissing President Cosic?

[Bulatovic] There are controversial assessments in that regard. President Cosic stated publicly that no shorthand report was taken down, but nevertheless, the report appeared....

[Acin] Have you seen it?

[Bulatovic] I have seen only part of the text of that report, on the day when the procedure to dismiss President Cosic was initiated in the Assembly.

[Acin] Who showed you that part of the report?

[Bulatovic] I do not remember who showed it to me, but I know that it was a photocopy....

[Acin] So why was it not reproduced and given to the other deputies?

[Bulatovic] I think that this question should be resolved by the Assembly leadership, and thus the chairmen of the two chambers.

[Acin] What did the part of the report that you saw say? Was there anything compromising about Mr. Cosic himself? And was it so serious that it justified raising the question of his responsibility for “a secret intention to carry out a putsch”?

[Bulatovic] It is hard to provide an assessment on the basis of an incomplete text. In a text that is not integral, it is possible, by deleting certain sentences, to give a completely different meaning and intonation than what was actually said there, so that right now I dare not comment on that text, because based on the document that I saw I was unable to get a real impression of what was discussed at that meeting and what Cosic said at the time. I simply do not dare assess the intonation or indeed the framework of the political and state dimensions of Cosic's statements on that occasion.

[Acin] But what is your explanation of the fact that you—as the defense minister, whom that report could have and must have concerned—did not have access to the integral text of that supposed report? Why was the integral text not made available to you instead of only a fragment of it? Perhaps this is a rude thing to say, but nevertheless, do you not think that everything that happened with the “report” resembles a sort of ruse or, ultimately, a type of manipulation?

[Bulatovic] Well, no. But I have certain information indicating that that meeting was not very formal, that it was one of those types of meetings where a certain group of people simply talks in order to exchange ideas....

[Acin] And in that case can it be used as a point of accusation?

[Bulatovic] In this case, as you know, it was used as an accusation, although I think that the conditions were not met for doing that. But if some key state problems were discussed, say, the problems of defense policy, the problems of strategy, and so forth, then that meeting should have been attended by other members of the Military Council as well. That probably would have averted the misunderstanding that arose over who attended the meeting and what was discussed. Perhaps it also created the notion that lurking behind that meeting were certain moves that were more momentous than what the meeting itself actually signified.

[Acin] Still, it is interesting that various comments can be heard about what Gen. Panic's role was in this whole matter. Perhaps speculation to the effect that Gen. Panic played some role is not unfounded, especially if we note that Dobrica Cosic was explicit in his demand that the question of Panic's responsibility for the trade in arms and other materials that his son had with the Army be placed on the agenda....

[Bulatovic] But his son was not trading in arms....

[Acin] Fine, it does not matter what he was trading in, but it is a fact that he was doing business with the Army. But perhaps it does matter what he was trading in.

[Bulatovic] He was doing business with the Army, but not in arms.

[Acin] But let us get back to the “report.” How was it made public if the meeting itself was secret, or rather closed to the public? And what was Gen. Panic's role in this regard?

[Bulatovic] No one has investigated or has any precise information about who made the report, or rather the notes, from that meeting public, from where, and in what way. I cannot say that it was Gen. Panic who did it, nor have I noticed any public mention of his name as the person who made that document accessible to individuals and to certain political parties. If it is deemed necessary that this question be discussed, then we know what the procedure is for establishing how that document could have been accessible to deputies in the Federal Assembly.

[Acin] Comments can be heard in certain circles to the effect that, in fact, Gen. Panic played a game in which, in order to save himself, he performed a service for President Milosevic, in fact turning Cosic over to him....

[Bulatovic] Well now, whether that was a game and who saved whom and at whose expense—these are things that merit detailed analysis. It is hard to say on the basis of a mere impression that someone was saved and someone sacrificed through this act, or that a third party profited from all this. I think that this country must finally formulate the criteria according to which everyone must bear responsibility for what they do. Accordingly, no one should be pardoned because they cast someone out into an exposed position, nor should they figure that they

have protected their own position in this way if they are in fact responsible for something. If someone was basing their actions on this calculation in the concrete case, then that calculation must be erroneous.

[Acin] Let us get back to the Army. It is said that ethnic cleansing has been carried out in the Army....

[Bulatovic] Has ethnic cleansing been carried out in the Army? Well, the breakup of the SFRY led to a de facto process of ethnic separation or, conditionally speaking, ethnic cleansing in the individual republics that seceded, and not only in the military, but also in the police, in institutions of state administration.... The Slovenes went to Slovenia, the Macedonians to Macedonia, the Muslims to Bosnia.... Accordingly, that means that ethnic cleansing has not been conducted in the Federal Republic of Yugoslavia, because right now that would mean that it is not possible for a single member of a secessionist republic—who is a citizen of that state by birth—to maintain the right to work in the FRY. But right now we have members of those nations in both the military and other institutions. Thus, this horrible criterion of ethnic cleansing has not been applied in the FRY. This is because the Federal Republic of Yugoslavia—or rather Serbia and Montenegro—is a civic state according to its constitutional disposition, not a national state. And I think that any pretension to form some national state would not be good for the citizens of this state, because it is not possible to eliminate from the FRY such a large number of its citizens who are not Serbs and Montenegrins....

[Acin] Let me be more specific about my previous question: Ethnic cleansing in the Army is linked in part to the retirement of two generals—Ljuba Domazetovic and Nedja Boskovic—who are Montenegrin by origin....

[Bulatovic] Well, Montenegrins have never been in short supply at the rank of general. Neither in wartime nor in peacetime. It is a fact that these two generals originally from Montenegro were recently retired. But I think that this should not be interpreted as some sort of attack on Montenegro, because this is simply more a case of a jumble of objective responsibilities. After all, we all know that in the military legal proceedings against participants in "Opera" the court handed down an acquittal. And since the court handed down acquittals, this means that the actors and initiators of that trial overlooked certain facts, so that those proceedings were damaging to the Armed Forces of Yugoslavia, and especially to the suspects. Thus, I assume that one of the reasons for the retirement of those two generals was the erroneous assessment of certain facts.

I want to say that this case, I am deeply convinced, should not be politicized, because retirement based on the needs of the service is always present, and not only in military structures. And any politicization of this or any similar case will not contribute to the stabilization of relations within the FRY.

[Acin] But what can you say about the situation in the Air Force [RV]—headed by Maj. Gen. Bozidar Stevanovic—given the fact that it has been rumored for a year now that the RV is "emerging as the avant-garde in the Serbization of the Armed Forces of Yugoslavia"?

[Bulatovic] I could not make that correlation. Bozidar Stevanovic has been the commander of the RV and PVO [Air Defense] for two years now, at the rank of major general, and I do not know what sort of influence he would have on the retirement, activation, or advancement of certain officers contrary to what the commanders of the army, navy—or more precisely, the General Staff—would have to say about these matters.

[Acin] Still, the head of the military branch of the Serbian MUP [Ministry of Internal Affairs] is Radovan Stojicic, also known as Badza, who is said to be creating Milosevic's janissaries—70,000 "specialists"—in order to neutralize the military leadership of the Armed Forces of Yugoslavia....

[Bulatovic] Seventy thousand specialists?! Do you know what that is?! Do you know what it means for any state in the world to have 70,000 specialists?!

[Acin] I said that there is public talk to the effect that these are Milosevic's janissaries, whose function is to neutralize the military leadership....

[Bulatovic] Perhaps they are talking about the number of people in uniform and in police uniform, but it is impossible that there are 70,000 specialists.

[Acin] In any event, do you have the impression that the role of the police—at least in Serbia—is stronger than that of the military? And was not the occupation of the Federal MUP building while you were still federal minister of internal affairs—when you were not allowed to enter your office—one of the indicators of the aim to make the Serbian republican police apparatus the more dominant one, and to strengthen police authority in this state, not only in relation to the military, but also in general?

[Bulatovic] There are police functions and military functions, which are completely separate....

[Acin] That is clear. But many people would like to know whether the strengthening of the police is part of Milosevic's attempts to have behind him a police force to counter the military force, precisely because he is perhaps uncertain that the military is behind him.

[Bulatovic] It is true that comments of that sort can be heard. However, it should be known that there is a three-member Military Council, and that under the Constitution the function of defense is a unified function on the level of the federal state. If each of the members of the Supreme Military Defense Council were to think and act as if he were counting on his own military, that would mean that there would be at least three groups in that military, linked to the specific figure on the Supreme Defense Council. That would then mean that there is no

unified system of defense and that under such conditions it could not exist either. But if the approach is to create one strong federal state—and it is—then one of the primary functions of that state is the function of defense. That is why I do not believe that any of the members of the Supreme Council are ready for this possibility of separate participation in the unified military system, military organization, or, for that matter, military equipment. But if that were the case, then it would be utterly superfluous to speak of a unified federation, about the intention and desire to live and work in a unified state.

[Acin] You were quite correct in saying that a unified defense system requires that there not be a division of the Army into three interest groups. Is that not perhaps the very root of the strengthening of the police in Serbia? Does this not confirm the theory that Milosevic is strengthening the police in order to strengthen his own position?

[Bulatovic] But why should all events in Serbia be linked to Milosevic?

[Acin] Because Milosevic is the head of this state!

[Bulatovic] Yes, but in this state, or rather in this republic, there is a ruling party, there is an opposition....

[Acin] Is the ruling party not simply an instrument of the ruling regime?

[Bulatovic] In both Serbia and Montenegro, there are parties with power, and there is also a ruling party that is the majority party. Accordingly, every party that holds power—and that means all parliamentary parties—cannot exclude itself, or rather distance itself from what is being done and what is happening in the country.

[Acin] But again, the head of that ruling majority party is President Milosevic.

[Bulatovic] Yes, but now I am talking about the overall balance of political forces, because there are seven or nine parliamentary parties in the Assembly of the Republic of Serbia....

[Acin] Which are completely powerless! Let us not deceive ourselves about their power! All decisions are made by outvoting, and the coalition of the Socialist Party of Serbia [SPS] and the Radicals has the final say. Accordingly, the other parliamentary parties are extremely marginal....

[Bulatovic] Yes, but the Radicals too are in the opposition....

[Acin] Don't even tell me that! Just go ahead and tell me that the Radicals are in the opposition so that we can have a good laugh together. They are simply the executors of the SPS, and that is presumably completely clear to everyone.

[Bulatovic] Objectively speaking, one cannot equate the activities of the ruling party and of the strongest opposition party in a republican assembly. I think that the citizens must realize that it is not enough to be a member of the ruling party for all sins to be your burden, or that because you are a member of the opposition you are completely free of sin. We all live here and share the fate of this region. The standard-bearer of the ruling party can change, but we still have to live with what we have created in this region, in the territory of this country. Similarly, we can ruin what has been created—and plenty of it has already been ruined. But it is not good for the future of the state that all the anathema is shifted to one party and that there is polarization between the ruling party and the opposition in terms of state interests. Neither the ruling party nor the opposition should work against state interests. These state interests must be established and defined, they must be constant regardless of who is implementing policy.

[Acin] And what are the state interests that in your opinion should be specified?

[Bulatovic] Answering that question would require, so to speak, a rather lengthy talk and a more well-founded analytical approach. We are now in the position of ensuring the elementary state and social functions in the territory of the FRY. The sanctions have been in place for a year now. The economic crisis is enormous—it is almost economic collapse. Yugoslavia is reeling from the effects of Resolution 820, 836.... If we do not have the room to resolve our economic and social crisis beyond what is permitted by those resolutions, then it is clear that we have very delimited and restricted room that threatens political chaos in which it will not even be important who is in power and who is in the opposition....

[Acin] Now that you have mentioned the sanctions and resolution, what, in your opinion, should have been done to avoid Resolution 820?

[Bulatovic] I think that the Federal Republic of Yugoslavia did everything possible to avoid that resolution. However, it was adopted anyway.

[Acin] What is your explanation of that?

[Bulatovic] I explain that with the fact that international organizations—including here both the Security Council and the United Nations, but especially some of its members—have certain long-term goals in the Balkan region and that right now we are paying the price of that, while tomorrow the price of these goals will probably be paid by someone else. A global disruption of the balance of political power in the world emerged when the bipolar system—which meant some sort of balance between the countries of the former Warsaw Pact on the one hand and the NATO alliance on the other hand—gave way with the collapse of the Soviet Union, thus opening the way for the NATO alliance. We were the first to bear the brunt and the first to feel the consequences of that collapse. But bearing in mind what has happened in the

former FRY, it is possible to say that we ourselves have contributed to the realization of certain long-term interests of countries in NATO and on the Security Council.

[Acin] I get the impression from you are saying that you believe in what is being called the "conspiracy of the new world order"....

[Bulatovic] No, I definitely do not believe that, nor do I hold the view that the Western countries were and remain sworn enemies of us and of our communist system. Those are simply ideological appraisals that unfortunately we continue to use today. First of all, the "new world order" has yet to be articulated, not even in those countries that advocate it. And we too have brought down socialism without a new theoretical system being set up, so that I do not know what to say about when asked what system we live in, whether it is some early stage of capitalism, with the initial accumulation of capital, or whether it is some form of developed capitalism—although it could hardly be developed, when the national income is scarcely \$900 per capita....

[Acin] Still, it seems quite clear to me that we are living under conditions of wartime communism....

[Bulatovic] Although the term "wartime communism" has an ideological connotation, an ideological concept that we are opposed to....

[Acin] Do you really believe that there is a conspiracy against Yugoslavia?

[Bulatovic] Is there a conspiracy against Yugoslavia? I think that there are a number of indisputable facts here. The first is that the SFRY has disintegrated. I cannot escape the impression that the SFRY was not created as it was, with the borders that it had, without agreements, tacit, direct, or indirect, from Yalta to Jajce and everything else that happened at the end of World War II. Similarly, I am convinced that that state could not have fallen apart as fast as it did if, again, someone's interest had not been involved. The fact that independence was recognized following secession itself indicates that some interest was involved; if not, why were they so hastily recognized as separate states and admitted to the United Nations?

[Acin] And what was their interest?

[Bulatovic] This simply involved the strategic position of this region. In the strategic sense, for example, the Adriatic Sea is extremely important, so that neither Germany, Italy, nor Greece, etc., can be disinterested in who controls the Adriatic Sea.

The very fact of the hasty recognition of the secessionist republics indicates that there was a desire to realize certain interests. Now, the extent to which those interests are extrapolated depends not only on them, but also on us, it depends on to what extent we will be in a position to stabilize internal conditions. The sooner we stabilize internal conditions, the less room there will be for them to realize their interests.

[Acin] You favor a peaceful consolidation of internal conditions, and as defense minister you say that there must be a peacetime military. Thus, is some new military of professional soldiers being created?

[Bulatovic] Yes, a military of professional soldiers is already being created within the Armed Forces of Yugoslavia.

[Acin] What does that mean?

[Bulatovic] That means that people in uniform will be specialized in the use of military equipment, that they are employed and receive salaries in the Armed Forces of Yugoslavia. In this way, a military will be created that will be ready at any moment, will not require additional training, but rather will be capable at any moment of using the means available to it to defend the country's independence. It is estimated that in economic terms this is cheaper for the country than having reinforcements from the reserves or the momentary military structure.

[Acin] Speaking of "technical military means for defending the country"....

[Bulatovic] (Unable to hide his smile) I know what you are going to ask.

[Acin] Then respond!

[Bulatovic] We don't have any.

[Acin] What?! You have issued certain statements that have caused a little confusion....

[Bulatovic] I said, more or less, that every country has a contingent of arms, a contingent of people, a contingent of means ready for defense, and suggested that no one try out what we have.

[Acin] But what do we have? Tell us as much as you can without revealing a military secret....

[Bulatovic] We have as much as we need! (Now I cannot hold back a smile, Z.A.) Look, it has always been that way in our history—we have waged war against the Turks, the Austrians, the Germans.... And they were all better equipped than we were, but they all lost their wars with us!

[Acin] Do you think that the explanation of that lies in our special military skill, shrewdness, or perhaps, our well-known epic heroism?

[Bulatovic] I will explain that through verse: "The battle is not fought by shiny weapons, the battle is fought by the hearts of heroes!"

[Acin] The late psychiatrist Raskovic defined this nation as an insane nation, and between insanity and a courageous heart....

[Bulatovic] There is only a thin line!

[Acin] Well, now we have seen foreign military forces trying—unsuccessfully—to keep the peace in the former Bosnia-Herzegovina. On what basis have you expressed doubts about the impartiality of the peacekeeping forces in Bosnia-Herzegovina?

[Bulatovic] I have never expressed doubts about the impartiality of the overall structure of the peacekeeping forces in the former Bosnia-Herzegovina.

[Acin] But instead about what?

[Bulatovic] I have expressed doubts about only part of the peacekeeping forces....

[Acin] Which part?

[Bulatovic] I will give you several examples. During the Croatian aggression against the Republic of Serbian Krajina, the Security Council passed a resolution saying that the Croats must withdraw to their initial positions. That resolution was not implemented, and there was no withdrawal of the Croatian military force to the initial positions.

[Acin] So what does that tell you? Is that part of the basis for your doubts about the impartiality of the peacekeeping forces?

[Bulatovic] That is part of the basis for my doubts, but others relate to, say, the crash of the Italian airplane in the Konjic region. One would almost say that the investigation was halted, because it turned out that it was most likely shot down by Muslim forces. That means that there was no interest in discovering who did that, because the investigation—if it were carried out—would probably be unable to prove that the Italian airplane was shot down by Serb forces. Then, the weapons that were found in a container of humanitarian aid were passed over with a couple of explanations and reports that this happened—and nothing more! But it is known that the Muslims and Croats are getting weapons, despite the decision on the embargo on arms imports not only for the Muslims, but also for the Croats and Serbs. Finally, there are efforts to put observers on the borders of Serbia and Montenegro with the former Bosnia-Herzegovina, but no efforts to place observers on the other parts of the border, which means that no aid could arrive from this side, but it could from the other side!

You can find as many such details as you like, and events leave one with the impression that there is simply a desire to prove that only the Serbs are to blame for what is happening in Bosnia. And not only the Serbs in Bosnia, but also the citizens of Serbia and Montenegro on this side of the border of the former Bosnia-Herzegovina.

[Acin] The Law on the Military and the Law on Defense have yet to be enacted. Why? What are we waiting for?

[Bulatovic] The Law on the Military has been drawn up, and a working version has been presented to the federal

government. We are waiting for the provisions of the Law on Defense to be coordinated.

[Acin] What is contentious in that coordination process?

[Bulatovic] We felt that it would be best for these two laws—the Law on the Military and the Law on Defense—to be taken up by the federal government and Federal Assembly as a package. I figure that both laws will come before the Federal Assembly in its special July session.

[Acin] What is essentially new in these laws?

[Bulatovic] The essence of these laws, or rather of the Law on the Military, because we are still negotiating the Law on Defense, is that this law deals with issues of organization, status questions of the Armed Forces of Yugoslavia in accordance with the FRY Constitution. Thus far, there has been overlap in the authorities and responsibilities of the General Staff, the Federal Ministry of Defense, the federal government, etc. Now this law is supposed to establish and specify what the authority of the Armed Forces of Yugoslavia is, while the Law on Defense will clarify what the authority of the federal government and the Federal Ministry of Defense is, in order to avoid any possible misunderstandings.

[Acin] You said that the Law on Defense is in the coordination process. Why is there so much coordinating going on when you have been unable to reach an agreement thus far? Why is this coordination process taking so long?

[Bulatovic] I could respond to that question only if we did not reach an agreement, but I think that there is no reason for that to happen.

[Acin] Nevertheless, what is it that you are coordinating?

[Bulatovic] Some purely organizational questions.

[Acin] And who is doing the coordinating?

[Bulatovic] The Federal Ministry of Defense and the ministries of the two republics.

[Acin] What is the key point that is being coordinated?

[Bulatovic] I have already said that these are organizational questions, questions concerning the functioning of the current model of conscription, how optimal, functional it is....

[Acin] And is it "optimal and functional"?

[Bulatovic] I think that it is not.

[Acin] What must be changed?

[Bulatovic] Something in the organizational sense....

[Acin] But in what regard is the current system not "optimal and functional"?

[Bulatovic] You know, because of certain political conditions in the former SFRY, certain military-territorial institutions assumed the role of some civilian defense institutions in the opstinas, republics, etc. With the formation of the FRY, I think that these reasons ceased to exist. There is no danger of secession and of someone seizing evidence, or rather documentation, in that case.... Now the question that is of great importance—and I think that it must be considered seriously—is whether conscription, the system of mobilization, etc. should remain in the hands of military institutions or be linked to civilian institutions in the republics.

[Acin] Is there anything else?

[Bulatovic] Nothing.

[Acin] Or are you unwilling to say anything else?

[Bulatovic] There is nothing else.

[Acin] But what about the draft law on amnesty? What will happen to that army of young men outside the country who are charged with draft evasion? Will amnesty be granted for those young people who were unwilling to serve in the military because of the war?

[Bulatovic] It appears that there is a large number of people who evaded the call-up to service—whether they stayed in the country or went abroad. These are complicated problems, both politically and morally, and I do not dare say which aspect of this problem is more important. On the one hand, what is gained if all these people who evaded the draft are rounded up and sent off to serve a prison sentence, or obligated to pay a monetary fine...? But on the other hand, what is lost in the moral sense by the fact that a large number of conscripts failed to respond to the call of the fatherland?! Whether we want to acknowledge it or not, this was nevertheless a call by the fatherland. Now the question of interpersonal relations arises. If one person heeded the call, while his friend or brother did not, then the question is how will the two of them regard each other and communicate after all of this? The most essential thing in the whole matter is not whether or not someone will respond, but rather how to create conditions to avoid this situation and to respect the constitutional obligation. Because military service is a constitutional obligation, and if we want to be a rule-of-law state, then who can avoid responding to this call?!

[Acin] But do you not think that there is also some third factor that forces these young people to react as they do and that, to a certain extent, they are ignoring this, as you call it, moral and constitutional obligation based on political motives in the sense that the war in our country is not their war, that they have no idea why this war is being waged, so that in this sense it is not their patriotic "duty to the fatherland" to respond and rush into a senseless war?

[Bulatovic] But then we can raise the question: Why would our internal problems with waging war, or rather

with implementing defense policy, be more our concern than the concern of the United States or Australia....

[Acin] No, no. I think that now you are mixing up standards....

[Bulatovic] I think that I am not mixing up standards, not at all. If someone has decided to live in Yugoslavia....

[Acin] But excuse me, please, Yugoslavia was not attacked by the United States, or Australia, or even by Germany, etc., a situation where it would be clear to these people that their homeland was threatened and patriotic spirit would be awakened, pangs of consciousness and a sense of duty to the fatherland. This war in their country is a war within a state, a civil war, a fratricidal war, a religious war, which they, if you please, cannot regard as their war, nor do they regard it as their patriotic duty and obligation to take part in it....

[Bulatovic] This is a civil war—there I agree with you—but this civil war has taken the lives of the friends, relatives, comrades of those who have responded to the call and of those who have not....

[Acin] But friends, relatives, and comrades have died on the other, opposing side too.

[Bulatovic] I agree.

[Acin] So we agree that this is definitely not an easy problem and an easy question....

[Bulatovic] This is in fact an enormous problem, ultimately in part because this country has never prepared for civil war, but it happened anyway. Second, identifying the enemy has never been precise, and it is possible that that was a reason for the attrition, or rather the failure of such a large number of people to respond to the call-up. But the moment when it was agreed that the former Yugoslav People's Army [JNA] would withdraw from the territory of the former Bosnia-Herzegovina, there was no reason whatsoever for anyone to refuse to answer the call-up, because it was a question of defending the borders of the Federal Republic of Yugoslavia. But even then people continued to leave the country and not to respond to call-ups, and that I cannot accept regardless of the excuse. When the military was withdrawn from Bosnia and when no one was being sent to the front, i.e., outside the borders of the FRY, that reason about which you speak ceased to be valid.

[Acin] And who guaranteed them that they would not be sent to the front anyway?! But since we are nearing the end of our interview, it is obvious that many of our readers would be disappointed if I did not ask you a question which, admittedly, I know that you find a little unpleasant: the murders that occurred in the barracks. The latest massacre—this time at the barracks in Vranje—was committed by a Hungarian, and then there was the theft of weapons by another Hungarian and his flight from the barracks, and he has still not been apprehended....

[Bulatovic] I think that that question is unpleasant not only for me, but also for all citizens. It is unpleasant news and an unpleasant fact that so many young lives were lost in one fell swoop. How can this be explained? I recently heard a statistic that Hungarians lead Europe in the number of suicides, while the Slovenes are in third place. But I do not think that the entire Hungarian nation in Yugoslavia should be anathematized because this massacre was committed by a Hungarian.

Unfortunately, many tragedies have occurred in both Serbia and Montenegro over a short period of time. There have been many coffins, many funerals and requiems. And it is natural to wonder: What is going on here? Is this some sort of negative energy, some negative charge in us that drives us to murder, to aggression, that drives us to cause tragedies for others and for ourselves? In our history—both recent and more distant—there have been plenty of tragic situations that have given people the right to go crazy and do strange things! To kill and cast a pall, and then sometimes to pass judgment on oneself! And after everything that has happened in this country since the breakup of the former Yugoslavia, it has become clear that something must be done to heal the human soul. I do not know right now who must do that—and how—but I do know that there must be reanimation and resocialization of those who were on the battlefield. And I know that there must be social care, because otherwise we will have similar tragedies not only in the military, but elsewhere too. To kill someone who has never done anything to you, or for him to kill you—there must be some sort of mental breakdown involved here. After everything that has happened, all the crimes, murders, destruction, fires, the people who survive all this and return cannot sleep peacefully. If someone has butchered a child, burned down a house, killed a person—then he must dream about that. That is why he needs help, but the last thing he needs is to go to court. He needs resocialization, inclusion in societal life, which will completely separate him from war psychosis....

[Acin] Are we threatened by "Vietnam syndrome," from which the United States has not recovered even after two decades; even today, their Vietnam war veterans are mostly beggars, crippled invalids....

[Bulatovic] This experience of the United States, in Vietnam, means nothing to us, because we have our own experience. Our experience was from the last war, from 1941 to 1945....

[Acin] But I am thinking mostly of the atrocities that were committed in Vietnam....

[Bulatovic] Yes, such atrocities were committed there too, but the consequences of the 1941-45 war are still present and will continue to be present, when someone dies today while building a house after hitting a bomb while digging up the foundation, or when a child is killed by a bomb that he found in an old wall.

[Acin] Finally, the fact that you are a civilian defense minister prompts the question: What are the advantages of having a civilian defense minister, given the fact that he is a civilian operating among military personnel, and what are the shortcomings?

[Bulatovic] My contemporaries and those who come after me can pass judgment on the shortcomings. I cannot address that issue simply because it involves me personally. I think that such a solution has shortcomings, but at the same time I am convinced that there are more positive factors than shortcomings. Regardless of this obsession with ranks, stars, and unit status, a civilian in the post of defense minister reacts more forcefully and courageously in certain situations that would be possible in the military structure and hierarchy, because the defense minister is a cabinet member of the federal government—thus, he holds no rank, neither the glory of a general, the conceit of an officer, nor any other syndrome. In talking with him, there is not that fear that you are in a position to report to a general or admiral. And that is one of the advantages, in my opinion. Another one is that this means that there is control and insight by the federal government and Federal Assembly into what the Armed Forces of Yugoslavia are doing....

[Acin] What comment do you have about the fact that rumors have been circulating lately that you are preparing to replace the General Staff...?

[Bulatovic] I think that such talk is overly prejudiced. Whether there will be certain personnel changes depends on who meets conditions, legal conditions, based on certain criteria, for retiring and who will potentially retire based on the needs of the service. As I said at the beginning of our interview, this is a regular activity that has no connection whatsoever with any political campaign, or military campaign, and cannot be assigned to that criterion. Accordingly, it remains to be seen how the Supreme Defense Council will draw up personnel policy on the basis of the criteria set out by legal and other regulations.

[Acin] But why is this question being placed on the agenda right now in particular?

[Bulatovic] I think that this question is not being raised only now, but rather that it has always been present, even in the former JNA. Accordingly, if certain people are retired depending on their professional, individual, and other contributions to the new concept of the Army, or rather of the Armed Forces of Yugoslavia, and depending on how they adapt to the reorganization and transformation that is under way, there is no reason whatsoever for concern about whether someone will be retired outside the criteria and agreed legal framework, while someone else will remain. I think that this should not provoke any confusion in either military or state structures.

[Acin] When you say, "if certain people are retired..." that clearly implies that that will be happening soon. So

who, in your opinion, will be retiring at this time? Who are the more prominent generals who are waiting to retire?

[Bulatovic] First, I am not a member of the Supreme Military Defense Council, and only the Supreme Defense Council decides that. But there is no doubt that the Supreme Defense Council will respect the agreed legal criteria and that according to those criteria a certain number of people, who meet the legal criteria, will retire. On the other hand, the law also allows for someone to have the chance to extend his term of service for another year or two, even if he meets the conditions for retirement, if it is felt that he can make a certain contribution to the military structure due to some significant factor, his unit position, or his work in scientific research.

[Acin] And will the case of Gen. Panic be shelved, or will something be done in this domain, which was previously initiated by Dobrica Cosic?

[Bulatovic] No one is capable of shelving an issue, not even the chief of the General Staff. We are waiting on the report from the state commission formed by the Supreme Defense Council, and that report will be presented to the Supreme Defense Council within the next two or three days. I assume that that report will contain enough evidence and relevant facts for the Supreme Defense Council to be able to draw appropriate conclusions, or rather make appropriate decisions.

[Acin] As you can see, the life of a journalist is very complicated. We began this interview in your office, only to have it interrupted because you had to attend the formal ceremony celebrating the 50th anniversary of the battles on the Neretva and Sutjeska—where you appeared “accompanied” by me—and now we are continuing it in the car on the way to the airport, because you are about to leave for Podgorica....

[Bulatovic] I do not know how this life of a journalist can be more complicated than that of a minister! It is obvious that our lives are complicated as long as we are conducting the interview in this way....

[Acin] After statements like these, it appears that the only thing left for us to do is cry on each other's shoulder about the difficulty of our jobs. But it would be far more productive for you to comment on the fact that last night at the Sava Center, at the celebration of the 50th anniversary of the battles in question, the leading people from the Serbian leadership did not show up?

[Bulatovic] I would not say that the leading people from the Serbian leadership did not show up....

[Acin] President Milosevic's absence was glaring!

[Bulatovic] It is true that Mr. Milosevic was not present, but at the same time the chairman of the People's Assembly of Serbia, Zoran Lilic, was present, the minister of defense of the Republic of Serbia was present, and then there were several ministers from the government of the Republic of Serbia....

[Acin] But still, many of the veterans present noticed and commented on the absence of President Milosevic. I happened to be standing there when one national hero and general told Mr. Lilic that he was very sorry that Mr. Milosevic was not present and asked him to convey that to Milosevic, and then Mr. Lilic lit up the Serbs' faces when he said, “if only he had not shown up, this would have been a Montenegrin celebration!”

[Bulatovic] I did not hear that comment. It is possible, and there is no reason not to believe that it was said. But I think that it is a specific feature of this nation—both Serb and Montenegrin—to celebrate even defeats, and I see no reason not to celebrate victories as well. It is up to history to judge the significance of the battles on the Neretva and Sutjeska—which can be regarded as both a failure and a defeat—but right now I see no reason whatsoever why these battles—and the victims who fell there—should not enjoy the respect and reverence of this nation. Because this was not a traffic accident in which a small number of people died; rather, these victims determined the destiny—both in state and political terms—of the SFRY, but also of the FR Yugoslavia.

[Acin] When I told you during the solemn ceremony that many people would be surprised—despite the fact that it was my job as a journalist—at where I had come from to attend the celebration of the battle at the Sutjeska and Neretva, and that I had recently been—also as a journalist—at Ravna Gora, where the 100th anniversary of the birth of Gen. Draza Mihailovic was being commemorated, you responded that you would like to go to Ravna Gora out of sheer curiosity....

[Bulatovic] I would go, why not?!

[Acin] But how is it possible to speak of this reconciliation of graves about which Matija Beckovic sings when this evening we heard Tempa say that “traitors cannot be praised as heroes and martyrs”?

[Bulatovic] There is a tendency among the Serb and Montenegrin nations to say the very best things about the dead. Fifty years have passed, and this evening we attended a gathering, a ceremony commemorating these 50 years since the end of those battles. But what clearly must be done is not to keep digging up these old wounds and these cancers, but rather simply accept and acknowledge whatever historical judgment and let the differences rest there. I am not certain that everyone is working on stopping that, even though they pretend that there is reconciliation between the victors and the vanquished. You know, it is not possible to change the outcome of a soccer or other sporting match—which was won one way or another—so that the outcome is different and whoever lost becomes the winner. But there has existed here a historical dispute between two blocs: the antifascist and the fascist. I am convinced that the antifascist bloc earned its victory. Why would that be edited now?

[Acin] Gen. Draza Mihailovic belonged to the antifascist bloc too!

[Bulatovic] Yes, up to a certain point! History tells us that!

[Acin] Perhaps the time has come for the vanquished to write their own history? Maybe after that the victors' history will definitively have a different hue?

[Bulatovic] Well, the vanquished can write it, but the question is what the fate of that history will be, or rather how long it will hold up.

Dafiment Bank Owner Turned Away at Border

93BA1294A Belgrade *BORBA* in Serbo-Croatian
16 Jul 93 p 3

[Article by Biljana Stepanovic: "What the Return of Dafina Milanovic From the Border Means: Is Kertes Preparing Himself for Dafina?"]

[Text] Dafina Milanovic, owner of the Dafiment Bank, has practically become a hostage of the state. "The Serbian mother" found herself in an absurd position—no one is prosecuting her for anything, she is not under investigation (at least officially), but she cannot leave the country. Her intention two days ago to cross the Yugoslav border at Kelebija is already the sixth attempt of Mrs. Milanovic to "carry out some business abroad" in which she was again thwarted. The public has been informed only about this last return from the border, and through unofficial channels, while the official organs remain silent. They did not even announce the information whether her passport was taken away this time, or the barrier simply lowered in front of her automobile.

On what basis has Dafina Milanovic been forbidden to leave the country at all?

"Anyone who is available to organs of prosecution and against whom no action is being taken, and when no order has been issued by the court or the militia for him to surrender his passport, has the right of free movement," says lawyer Milenko Radic. "The first moment when someone's passport can be taken is his contact with prosecution organs, which usually summon him for an informational talk. The militia can take the passport for three days, and then either return it or submit it to investigative organs, which can retain it until the end of the process," says Radic.

No criminal procedure has been initiated (or at least has not been announced) against Dafina Milanovic, and evidently her passport was not taken when she intended to leave the country. Authorized organs have not yet officially mentioned her possible guilt, or the likelihood of bringing charges.

Change in the Exchange Rate

Says lawyer Radic, "This is a type of detention and prevention from disappearing from the country and renders the eventual bringing of charges impossible. Dafina Milanovic would most probably answer to the criminal act of fraud, for which a sentence of at least

three years in prison is provided. The findings of an inspection by the Service for Payments Turnover indicate that there is a basis for believing that there have been illegal dealings harming depositors in the amount of about 2 billion marks [DM]; this is one of the largest cases of embezzlement recorded up until now. By the way, investigative organs always carry out a preliminary procedure away from the public. There is a basis for the owner of the Dafiment Bank to be placed in a high degree of isolation."

Dafina Milanovic has been in a certain "degree of isolation" recently, according to unofficial information. Since the time of the shots in the direction of the Dafiment Bank in the Geneks apartments (or before that incident), state security has been concerned with the bank and its owner. It is claimed that the key individual is Mihalj Kertes, a new minister without portfolio in the Government of Serbia. Several sentences should be said here about his position in the Dafiment Bank: it was first leaked last year, and then sharply denied, that he had been made director of security at Dafiment Bank. Kertes represented himself as a great friend of Dafina Milanovic, having become close to her after a great personal tragedy and transferred the remains of her husband and children from Hungary. Then, when panic ensued and the payment of shares stopped, he was one of the "guests" seen most often in the vicinity of the Dafiment Bank vault—he came, say witnesses, with [one word unknown] of contracts, and left with a satchel of money from the bank. Finally, the day before yesterday, upon being installed as a minister of "general practice" in the Government of Serbia, he stated that he had "come to this place in order to pursue, together with others, swindlers, profiteers, middlemen, dealers, and idiots who have been seizing Serbia's money." Whether one should also recognize Dafina Milanovic in one of these categories, we will soon see. If so, then great changes in the "rate of exchange" according to the lady in question are in sight.

Perhaps the legal state was finally jerked out of its winter dream when it saw the report of the National Bank of Serbia designated "strictly confidential." Of the figures that are mentioned in it, one can only shake one's head for the depositors. In this report about the operations of the Dafiment Bank, concluding with 31 March of this year, a short interpretation says: first of all, because of the lack of documentation, it has not been possible to determine exactly the obligations of the bank to depositors. Expenses have been recorded as investments of the bank, and these are really pure losses. The share of savings in the sources of the bank amounts to 90.2 percent. The total share of foreign exchange savings according to the records of the bank amounts to 13.9 percent, but according to the findings of auditors of the NBS [National Bank of Serbia], a whole 91.2 percent. From 1 January to 31 March 1993, there was a drastic reduction in the foreign exchange account from DM364,497,200, the dinar liquidity of the bank worsened, with its current account dropping to a negative

balance. Because of the continuation of the policy of high interest rates, obligations to depositors in dinar and foreign exchange savings rose drastically.

Promises and Deceit

The final balance, according to the calculations of NBS auditors, looks like this: The foreign exchange debt upon expiration of fixed-term deposits, together with interest in cases where it is paid monthly, amounts to DM1.845 billion. "According to a second aspect," it says in the report, if interest is not raised monthly, but is paid cumulatively at the end of the term, foreign exchange obligations are DM2.341 billion. These figures, as one sees, are at least eight times as much as the sum that Dafina Milanovic has publicly acknowledged, expressing satisfaction that, after the findings of the auditors, this is not much worse than she had expected. There is no sense in mentioning the dinar debt, because the figure that was nominally valid at the end of March has increased drastically due to inflation. Naturally, this is only one in a series of the untrue statements that Dafina Milanovic has stubbornly made and is still making to the public and to depositors. The latest promise is that at the beginning of August, she will begin to pay off shares of DM501 to 5,000, since those of up to DM500 marks are probably already paid off. Bankers and economists acquainted with the situation, instead of commenting, only brush this off with a wave of the hand.

Still another perspective as to how money collected from depositors has been spent (we wrote about this in the supplement) can be made with a glance at the list from the Dafiment Bank with the designation "advance payments for official travel." It includes Klara Mandic, an advisor of Dafina Milanovic, Dobrica Todorovic, her brother, and the director of something in the bank, Dragana Vujasinovic, an office chief, then an "unknown employee of state security" and "various users according to the list," as it is written there. The name Dafina Milanovic is mentioned the most times, and the largest individual sum is DM48,878,009. This list relates only to one short period, and the sum in various hard currencies amounts to DM200 to 300 million.

The Responsibility of Those Responsible

The legal period of 90 days within which the governor of the NBJ [National Bank of Yugoslavia] must decide whether he will initiate insolvency or an overhaul of the Dafiment Bank expires on 29 July, says lawyer Milenko Radic, who submitted a request for insolvency on behalf of aggrieved depositors on 29 April. If insolvency is proclaimed, all payments made after the cessation of operations of the bank are subject to revision and agreements on the expiration of term deposits are nullified. In this case, many "imposing" names would come on the carpet.

From everything that has happened, one is forced to the conclusion that the government has finally come to the position of letting Dafina Milanovic go downstream or

pointing the finger at her in front of depositors at a favorable moment as the guilty party who will have to answer for her (lack of) actions.

"She is without a doubt the principal guilty party, but the question of the responsibility of the present republic public prosecutor, Milomir Jakovljevic, must also be raised. His legal authority enables him to arrest even the president of the state himself, if there is a basis for it. He has not even lifted a finger in the case of Dafina Milanovic and her bank, and instead of being replaced and called to account for this, he has actually been promoted to the position of federal public prosecutor. The situation is the same with Borislav Atanackovic, who has been promoted from the position of a governor of the NBS to a governor of the NBJ, and with Vuk Ognjanovic, who was a governor of the Central Bank and then became federal minister of finance," says Radic.

Events are evidently beginning to accelerate, unfortunately, with ever decreasing hope for depositors. To what extent the possible arrest and conviction of Dafina Milanovic will be a satisfaction to them is the big question. The most recent, for now still unofficial information indicates that certain people from her circle and security guard are already [one word illegible] from that side.

[Box, p 3]

Report of the "Dafiment Bank"

Belgrade. The "Dafiment Bank" has confirmed the news that Dafina Milanovic, late the night before last at the Kelebija border crossing near Subotica, was prevented from leaving the territory of Yugoslavia.

In the Bank's report, submitted to Tanjug, this was characterized as a "inadvertent mistake on the part of the customs service."

The text of the "Dafiment Bank" report reads in its entirety:

"Mrs. Dafina Milanovic, president and one of the owners of the 'Dafiment Bank Mixed Bank' Joint-Stock Company, left on Monday, 12 July, to visit branch offices abroad.

"'Dafiment Bank' is a mixed bank which has invested and placed its capital in 25 companies in the world. The work in these companies requires both travel and business contacts with partners. One of these trips was scheduled for 12 July, because in the course of this week an important deal was to be finalized which would have provided a company and the bank with a significant profit. From profits realized abroad, 'Dafiment Bank' has in large measure secured interest payments for its depositors up to now.

"We hope that the inadvertent mistake of the customs service will be rectified and that Mrs. Milanovic will

carry out the cancelled meetings abroad, and that she will proceed on her planned journey without unnecessary problems.

"In addition to the business meetings, Mrs. Milanovic wanted to place a candle at the site where members of her family died. Because the anniversary of the tragedy of the Milanovic family coincided with the beginning of the work of the bank with depositors, and Mrs. Milanovic was not able to go to Szekesfehervar."

Montenegro

World Diplomacy Blamed for Atrocities in Bosnia

93BA1308B Podgorica MONITOR in Serbo-Croatian
4 Jun 93 p 13

[Article by Stanko Cerovic: "Munich All Over Again"]

[Text] Western public opinion and journalists have been critical of the Vance-Owen plan from the outset. They easily saw in it appeasement of the aggressor and acceptance of war crimes. When the representatives of the powers which are members of the Security Council "corrected" the plan so the Serbs could also sign it, one had the impression that public opinion was seized by a feeling of astonishment and shame. How is that? After everything that was done in Bosnia and after so much horror, is everything going to be peacefully accepted? Only the leader of the Bosnian Serbs, Karadzic, who for a long time has been on many lists of war criminals, praised the statesmanlike wisdom of world diplomacy and declared Clinton a great president. It seems that at least certain representatives of the powers taking part in the meeting in Washington are privately admitting: What we have done is Munich all over again. Capitulation in the face of aggression and crimes.

That awareness of a mistake demonstrates that this agreement is worse than the one in Munich: It was a mistake, it was believed that peace could be preserved by giving in to Hitler; public opinion later felt deceived, but not shamed. In Bosnia today, world diplomacy is turning both itself and its people into accomplices in the worst crimes committed in Europe since World War II and is doing so resignedly, without concealment. The politics of solving serious crises are always imperfect. They are proposed because they have at least certain constructive consequences, and it is assumed that the negative consequences will be less important.

What the cream of world diplomacy and the members of the Security Council have proposed for Bosnia will go down in history as an example of political shortsightedness: Only the negative consequences of that plan are obvious, while the favorable consequences lie in the domain of irrational hope. Hope that time will solve everything in the right way even if people do everything the wrong way. It seems that our political leaders need to be reminded that they were put in the offices they hold

precisely because time, like God, does not engage in politics, or, as the poet would say: "Time will say nothing but I told you so."

The last version of the Vance-Owen plan accepts the results of the aggressive war, ethnic cleansing, the creation of new Serbian and Croatian states at the expense of an independent state.

The diplomats do not dispute any of this, but they hope that the war will at least be stopped and the Muslims saved from eradication. Neither one nor the other. The creation of a "safe area" for Muslims amounts to the creation of small ghettos in which almost two million people would be crammed. The Serbs and Croats know what they can expect from those two million people, and that is why they will not leave them in peace, and it is absolutely precluded that the Muslims will reconcile themselves to living like that. Those are conditions under which only avengers and extremists are born. Should this war stop, we have already prepared the next one, i.e., it is most likely, a permanent state of war and chaos. The plan persuades the Serbs that their strategy of a "final solution" has been rewarded, it is hastening the Croats in doing their part of the job, and it is turning the Muslims into kamikazes.

All right, it is late for Bosnia, the diplomats acknowledge, but they are preparing seriously not to allow the war to spread to Kosovo and Macedonia. They will intervene there, because the strategic interests of the West are involved, and two members of NATO could become involved on opposite sides.

We will be testing that readiness very quickly, because this solution in Bosnia makes war in Kosovo practically inevitable. The cleansing of Kosovo and solving the Montenegrin problem (where there could also be war) are foreseen in the Serbian "national revolution." If the international community was powerless in Bosnia, which was an independent state, how will it react in the case of Kosovo, which is a part of Serbian territory? A much sadder intervention, and it will be still more difficult to achieve diplomatic concord than in the Bosnian case.

The Americans will not be able to justify intervention in Kosovo either in moral or legal terms: Not in legal terms, because the Albanians are a minority in Serbia, nor in moral terms, because they have already accepted eradication in Bosnia. The Albanians themselves have up to now been peacefully putting up with horrible repression solely because they expected Milosevic to be punished and they thought expanded Serbia had no future. Following the Vance-Owen plan, which strengthens Milosevic's hold on power, they know there is no end to repression and they will probably rebel. The situation will not be so black and white as in Bosnia, and intervention will be practically impossible. It will be still more difficult in Macedonia. There, the Serbs will not intervene, but Macedonia will be ignited itself under

pressure of Albanian refugees and the immense Albanian minority (about 30 percent of Macedonia's population).

Even without military intervention, a better plan for Bosnia could have been found, and it still can. The Muslims need to be armed and sanctions instituted against Serbia and Croatia. And, most important, it must be made clear that the war will last a long time, but not to the last victim, but to the last aggressor. If the Serbs and Croats were convinced of that decisiveness on the part of the West, that policy could be effective; in any case, it would prevent the conflict from spreading to Kosovo.

The West has not drawn clear strategic conclusions following the disintegration of the division of the world into blocs: There is no line of the front, but the key thing is to maintain initiative and dictate the pace of change.

Bosnia was the test for this more modern redefinition of the West's strategic interests. A multinational state with Christians and Muslims is inclined to rely on the West: It ought to be protected militarily and aided economically so that it serves as an example and guarantees Western influence in the Balkans.

Islamic Community Leader Interviewed on War
93BA1308A Podgorica MONITOR in Serbo-Croatian
4 Jun 93 pp 20-21

[Interview with Idris Demirovic, president of the Meshihat of the Islamic Community for Montenegro, by Seki Radoncic; place and date not given: "Listen to Your Own Reason"]

[Text] Idris Demirovic, president of the Meshihat [council of elders] of the Islamic Community for Montenegro, talks about the war in Bosnia, about the attacks on the Muslims and on their religious buildings in our republic, about the putsch in the Islamic Community in Sarajevo, about religion and politics, and about sovereign Montenegro.

[Radoncic] They are shooting at Muslims in Niksic and Pljevlja, and even the mosques are the target of attacks. Do you have any figures on how many acts of sabotage have been carried out in Montenegro and how many Muslim religious buildings have been destroyed in the former Yugoslavia?

[Demirovic] The attacks of which you speak are very painful for me. In this melancholy, inhuman, and debasing reality, the unforgettable pledge of consolation which remains is the truth that there are many, many people who are pained and offended by all this and there is still a strong power of hope that this will cease. I am afraid that I will not be precise with a figure on how many sabotage acts have been committed in Montenegro, because unfortunately, as you know, they change so quickly. According to the most recent figures of the rijaset [residence of the reis-ul-ulema] of the Islamic

Community in Sarajevo, 820 Islamic buildings in Bosnia and Herzegovina are recorded by name to have been damaged.

[Radoncic] When you visited mosques in Niksic with the ministers for religion and health you did not wear your official religious robes as the supreme head of the church?

[Demirovic] I would like to skip that question, although there are others interested in it, in fact some people are even answering it in my place. I was informed about the case with the *dzamja* [mosque] in Niksic by the mayor of Niksic and also about the meeting that would be held in the opstina Assembly in that connection. That visit did not include attending a religious rite nor a visit to the opstina Assembly so that I must admit that it never occurred to me, nor have I yet learned to think in those terms, whether it would bother someone for me to wear or not wear the Islamic uniform. I personally prefer it that a religious uniform was not worn beside the Niksic mosque on which the camera clearly recorded the traces of the explosion. Representatives of the Islamic Community have attended international Islamic meetings, I have been among them, usually not in uniform, and this has not perplexed anyone.

[Radoncic] War is raging in Bosnia. There seems to be no end to this drama, and one can even hear people say that even God is not looking on everyone in this war without bias. What is your comment on all that?

[Demirovic] It is true that this drama is extremely grave, that its end is uncertain. The reality is so melancholy and painful that the mind almost stops working, but all of that does not justify rushing into a still greater abyss and more darkness and error, blaming even God for this. One should not look to heaven in seeking who to blame for injustices on earth, because it is precisely then that we do ourselves the greatest injustice, clouding over the pathways of truth and the future.

God's justice is obvious and omnipresent, indeed from the tiniest creature—from a tiny little fly to the expanses of space which are unattainable to us. There is both measure and law in human society by which it moves in time and passes through ups and downs, successes and retrogression. The rough outlines of historical events and their consequences provide objective lessons for behavior, and, which is very important, they warn that no tragedy or our own conceit entitles us to attribute human injustices to God. The situation will change if people use their reason to seek the occasions and causes of their position in themselves and in the world in which they live. In any case, in this land of ours it has long become customary practice to blame God, and so it has clearly been shown where this has gotten us.

[Radoncic] The patriarch of the Serbian Orthodox Church and also the cardinal of the Catholic Church have said that a religious war is not being waged in Bosnia. The regime's news media and also the politicians

in power are trying to persuade us that that is the case. What do you think about that?

[Demirovic] Both Islam and Christianity, as religions revealed by the One and Only God, prohibit assault on the life, honor, and property of another person. That is a great sin. It is the duty of a believer not to allow that to happen. Defense serves the same purpose as a necessary means, without going beyond the limit of fairness. Islam prohibits most severely the imposition of faith on anyone, and, at the same time, while requiring consistent application of Islamic law by its followers, it also seeks application of those laws which pertain to respect for the faith, shrines, and worship of members of other faiths. This code in Islamic ethics for harmonious life among people is not an expression of magnanimity for a particular situation in space and time, but an expression of the lasting and unchangeable will of God.

Unfortunately, this war spares neither religious sentiments, institutions, and structures, nor even the historical course of religious cultures and civilizations, as if the causes of this conflict are to be "discovered" therein. In fact, this is turning the truth inside out, because religion and its institutions have been the victim and the consequence here, not the cause. When we realized that for a long time it was instilled in people's minds that the word "believer" referred to a fanatic, we need not wonder very much at that kind of explanation of the reasons that led to this war. When it comes to religion, it seems that we are in a phase in which we need to learn to think.

[Radoncic] Has the breakup of Yugoslavia caused a disintegration of the Islamic Community, and was there a putsch in the Islamic Community in Sarajevo?

[Demirovic] The Islamic Community had five conferences and *meshihats* on the territory of the former Yugoslavia, which were for Bosnia and Herzegovina with headquarters in Sarajevo, for Kosovo, Serbia, and Vojvodina with headquarters in Pristina, for Macedonia with headquarters in Skopje, for Montenegro with headquarters in Podgorica, and for Croatia and Slovenia with headquarters in Zagreb. These entities were administratively independent, and they were chosen by members of Islam in their regions. The Supreme Conference and *rijaset* of the Islamic Community are made up of representatives from the territories of all *meshihats*. The supreme head of the faith is the *reis-ul-ulema*. This conception of the community is based on the basic sources of Islam and religious needs, by will of the believers, and given the full autonomy of all five conferences, that is, *meshihats*, there are no real reasons or difficulties not to maintain the same division in the future, at the same time preserving the spiritual unity as symbolized by the *rijaset* of the Islamic Community, which, we are deeply convinced, lies in the soul of the believer, regardless of the region in which he lives. In any case, the prerogatives of the *rijaset* and the *reis-ul-ulema*, which heads it, mainly come down to coordinating efforts among the *meshihats* and granting authorities to the presidents of the *meshihats*, to *muftis*, and to *hatibs*

[Muslim religious leaders], and that is not just the constitutional provision of this community, but above all a provision of the religious law embodied in the *Sharia* [code of Islamic law]. Normally, on certain matters, new solutions have to be explored on behalf of more effective work and activity, but they are of such nature that in essence they do not jeopardize spiritual unity within the Islamic Community.

As for the events in Sarajevo, it is difficult to understand them, especially under these circumstances and when the Muslims in Bosnia-Herzegovina are in this situation. On that occasion, the representatives of the *Meshihats* of Pristina, Skopje, and Podgorica, along with representatives of the conferences, the Supreme Conference, and *rijaset* from those districts, as well as the districts of other *meshihats* in the joint meeting judged the act of the self-styled *rijaset* and Naib Reis-ul-Ulema in Sarajevo to be illegal, illegitimate, and unacceptable. In view of the votes of the official representatives of the Islamic Community from the territories of the other *meshihats* as well, who objectively were unable to attend that meeting, it is clear that countless times up to now the will of the believers, expressed through their legitimate religious bodies, even on the eve of this Ramadan, especially from Bosnia and Herzegovina, has not been taken into account. Our position is precisely that an opportunity should be offered to make legitimate decisions under normal circumstances, decisions that will above all answer to the desires and needs of the believers, because, whatever they might be, it is only in that way that they can be acceptable.

[Radoncic] The heads of the other faiths are directly addressing the political parties, that is, they are taking part in political life. That practice has not been recorded in the Islamic Community, except briefly in the case of the *mufti* of Belgrade.

[Demirovic] The Islamic Community, it is well-understood, is not a political party, and accordingly politics is not a subject with which it concerns itself. It naturally has the right to have its position on vital issues of its believers and to make that known publicly, because religion, while it is separate from politics, is not separate from life. In any case, in our view, the religious representative will not characterize the personalities in political life, just as politicians are not authoritative in judging religious figures.

[Radoncic] How do you look on the fact that the Muslims are members of differing political parties in Montenegro?

[Demirovic] I call upon Muslims to be as active as possible in religious life, and it is indispensable for them to be equally active as citizens in political life. We need to do everything in our power not to get in a situation in which both God and Caesar would be blamed. All of us together will find the answer to that question of yours in experience and in the reality of the public life of Muslims and the community.

[Radoncic] Should the citizens of Montenegro vote in favor of a sovereign state, would the Islamic Community become independent?

[Demirovic] The sovereignty of Montenegro will be decided by the citizens of Montenegro, and the independence of the Islamic Community by the members of the Islamic Community of Montenegro. The Islamic Community will not meddle in political and governmental affairs, nor will it allow the state and politics to meddle in religious affairs.

Serbia

'Frightening' Trend Towards 'Brain Drain' Noted

93BA1299D Belgrade POLITIKA in Serbo-Croatian
18 Jul 93 p 11

[Article by S.B.: "Those Who Leave Do Not Return"]

[Text] The Institute for International Politics and Economics recently conducted a survey in our scientific institutions and research centers on the topic of brain drain. Out of 300 "firms," about 230, or 76 percent, responded affirmatively to the invitation to take part in the survey.

The institutions that took part in the survey have lost 828 specialists in the last 14 years, and if we assume that approximately the same percentage of trained personnel have left the others, which were "uninterested" in the survey, we get the figure of 1,090 people with academic diplomas and titles leaving those institutions alone.

From what we were told by Dr. Vladimir Grecic of the Institute for International Politics and Economics, the figure of 828 departed specialists is only a "figure."

"Those are people with a first and last name, recognized formal training, in general with complete sociological structure. That is how we arrived at the figure that in the past 14 years our country has lost 181 doctors of science, 156 with master's degrees, and 109 researchers who were permanently employed and involved in various projects.

The situation becomes more dramatic when we realize that last year alone the number of Ph.D.'s and M.A.'s in science and specialists in other fields who departed represented 23 percent of the figure mentioned of 828 who left in past years. There were 48 Ph.D.'s in science among them.

"On the question of who is leaving, the figures are really frightening. Young trained people, researchers in the fields of physics, mathematics, electrical engineering, chemistry, and medicine. One-third of all those who have left are young people between the ages of 30 and 36, but actually slightly more than 40 percent are people under age 40. They are destined above all for the United States of America, where one-third of the specialists have gone, and then Canada, Australia, and the countries of West Europe, which also account for one-third of the highly educated specialists who have left Yugoslavia."

We obtained similar figures from Mrs. Mira Roganovic of the Mihajlo Pupin Institute. The overall situation at the level of our country is pictured in a small segment like this institute. This means that the number of people who left in the first three months is greater than the number of those leaving in 1992, while most of them leaving are electrical engineers, and their "favorite" destinations are the United States, Canada, and Australia.

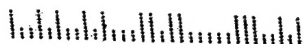
"Last year, Pupin lost 28 engineers, while they lost all of 33 in the first six months of this year. An equal number left for three months and then wrote a letter or sent a fax saying that we could no longer count on them. We have always been oriented toward hiring the best students, who have grown to become superb experts through their work in our institute. We are trying to make up for their departure with new young people who have just received their degrees. They have left, they thank us for everything the institute did for them, but they do not want to come back, and we will feel the consequences. But it seems to me that will be only after the sanctions are lifted. Then we will be asking with what and with whom we are going to get back into the world," our informant concluded.

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